

SIXTH WAR NUMBER

INDEXED

MAY 21 '41A

THE ROUND TABLE

**A QUARTERLY REVIEW OF THE POLITICS
OF THE BRITISH COMMONWEALTH**

Contents of Number 122

SEA

LORD LOTHIAN

THE TWO ORDERS

THE STRATEGY OF THE WAR. VI

WAR ECONOMY AND FINANCE

RECONSTRUCTION : I. BUILDING

NORTHERN IRELAND AND THE WAR

THE AMERICAN ARSENAL

AND ARTICLES FROM CORRESPONDENTS

IN

**INDIA GREAT BRITAIN CANADA
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(reprinted from No. 118)

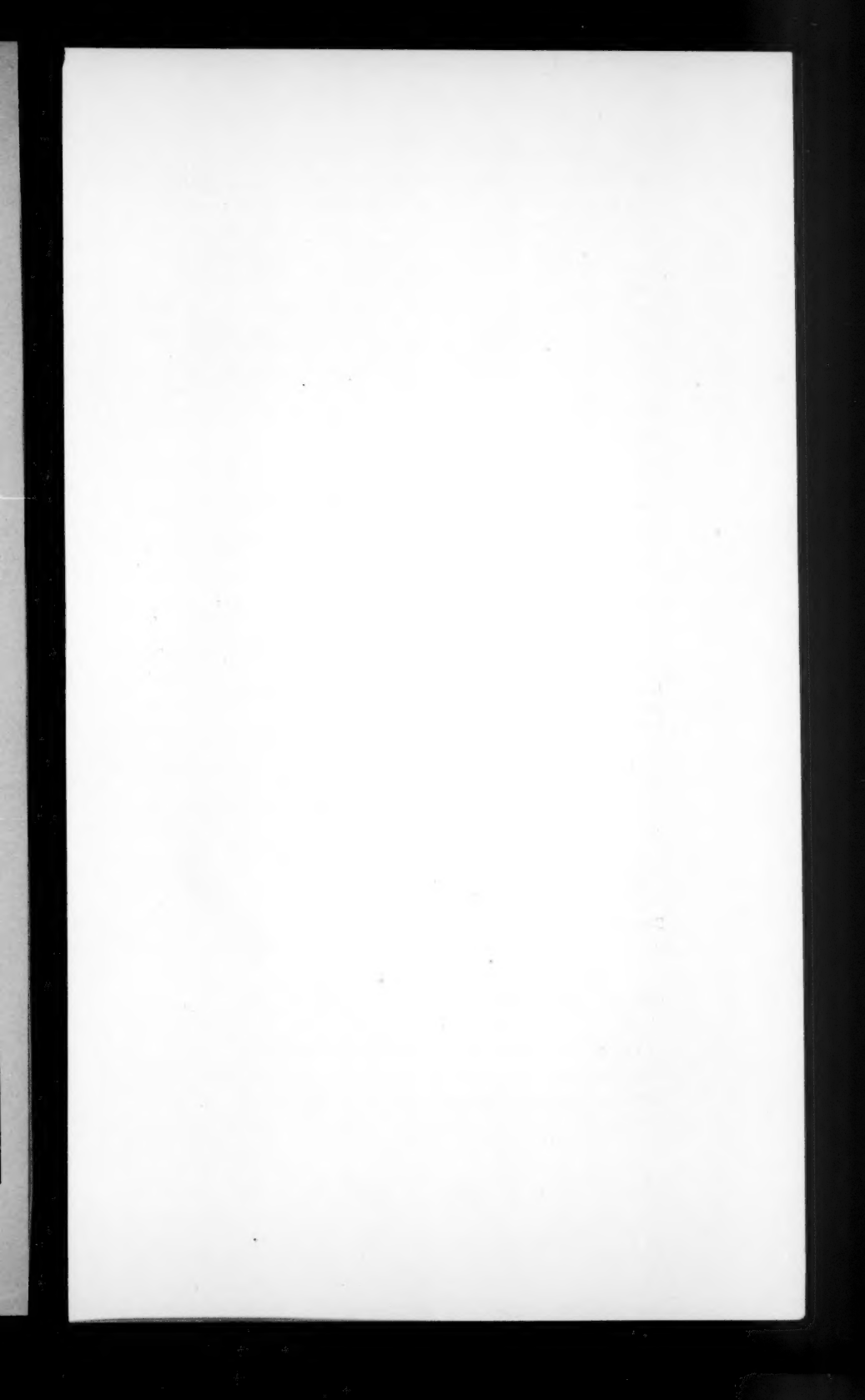
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No. 122.

March 1941

Price 5/-

London: MACMILLAN & CO., LTD.

Printed in Great Britain and entered as second-class matter March 15th, 1929, at the Post Office at Boston, Mass., under the Act of March 3rd, 1879 (Sec. 397, P.L. and R.).

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Photo. Kay Vaughan

PHILIP KERR, MARQUESS OF LOTHIAN

I

PHILIP HENRY KERR, 11th Marquess of Lothian, was born in London on April 18, 1882, and died at Washington on December 12, 1940, in his fifty-ninth year. He came on his father's side of an old border family which played an active part in the history of Scotland until the time when the then Earl of Lothian was created Marquess by William of Orange. The second Marquess, a major-general in the army who served in Marlborough's campaigns, was the first to come to Westminster as a Scottish representative peer; and from that time the family, intermarrying with the English nobility, sent a wide succession of its members to the service of Church and State at home and abroad, with soldiers on the whole predominating. Philip's father, Lord Ralph Kerr, who began his military career as a cornet of horse in the 10th Hussars, ended it in the Curragh Command as a major-general.

On his mother's side he was as English as on the other he was Scottish. Lady Anne Kerr, daughter of the 14th Duke of Norfolk, traced her ancestry to that first Duke who descended directly from Edward the First, King of England, and from Philip le Hardi, King of France, and became Lord Admiral of England, Ireland and Aquitaine only to fall on Bosworth Field, faithful against many warnings to Richard his King and the cause of York. She was a woman of great character and charm, to whom her son was most deeply attached, and she brought all the glamour of English history to reinforce that of his Scottish descent.

For all this emblazoned background there was never any pride of rank about Philip Kerr. The home near Edinburgh

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in which he was brought up was simplicity itself, and strongly religious with that touch of Puritan austerity which the air of Scotland seems to impart to the Catholic faith. His sensitive mind always bore the mark of that early training. He was remote in spirit from material things, and throughout his life religion was the mainspring of his being. Even in early youth, when he came from the Oratory School in Birmingham to New College, Oxford, and found to his deep surprise that men who were clearly not lacking in the Christian virtues were utterly undisciplined in their ideas and beliefs, he was an explorer and a pilgrim, interested in all the thickets of human mind and society but with a vision set upon that distant City for which all human idealism, from Plato and Augustine down to our own time, has laboured and yearned.

Thus, while he donned the trappings of rank with mixed amusement and pleasure when, fairly late in his career, they came to him, he wore them very lightly as a life-tenant whose main interests were elsewhere. His mind was always at work upon the ways of men, the ideas they live on, the goal to which they are bound; and from very early days he travelled in thought, as he travelled in body, with a probing, questing, analysing gaze which held an unshaken faith in the ultimate splendour of human achievement, though far too sincere to overlook the existing slime. He might indeed have said, like Tennyson's Ulysses:

I am a part of all that I have met;
Yet all experience is an arch wherethro'
Gleams that untravelled world whose margin fades
For ever and for ever when I move.

And in that spirit he reached in his latter years a firm conviction that the world is moving towards a free and civilised life in which men of every nation and race will share. The conditions, he said in his Burge Memorial Lecture in 1935,

will only be established when enough citizens of national states, while retaining their full autonomy in national affairs, are willing to form themselves into a world nation for common purposes, to enter into that organic and indissoluble bond which is the foundation not

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of a League but of a Commonwealth of Nations. . . . When there are enough "elect" men and women of this kind in the world, there will arise that city, foreshadowed in Revelation, in which there is no more war, because the Glory of the Lord is the light thereof, and the former things have passed away.

It is a far cry from the turbulent Scottish marches and the civil strife at Bosworth Field to such a faith as this; but the strength and reality of it, combined with an intimate grasp of what the world as it is unfortunately is, gave a range and depth to his political thought which are rare in these uncertain times, because it made in him a concord of religious belief and political ideal. It was no ordinary spirit which won the confidence and admiration of men so diverse as Mahatma Gandhi, President Roosevelt, General Smuts and Mr. Lloyd George.

No study within the scope of a periodical can do justice to a life so full of action or to a mind so far-reaching and profound. He was a pioneer in thought, with a strongly original bent; and his work in that capacity is not easy to summarise. But what can be said within a small compass both of his action and of his thought should be said in this Review, of which he was the life and soul for thirty years.

II

HE was a strikingly handsome boy with vivid, enquiring eyes and a clear-cut sensitive face when he arrived at New College from the Oratory School at Birmingham in 1900. He had been brought up in the strict discipline of his faith, and he found himself confronted there, like an innocent abroad, with a freedom of thought foreign to the atmosphere in which his schooldays had been passed. But his own mind had a swiftness and a penetration which enabled him to hold his own in any company, and he took his First in History without blunting its edge by premature toil.

His first move thence into the great world was to South Africa, where he took up the post of Private Secretary to Sir Arthur Lawley, then Lieutenant-Governor of the Transvaal,

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who had served under his father, Lord Ralph Kerr, in the 10th Hussars. But he soon became absorbed in the group of young men who, like Sir Arthur himself, were working under the guidance of Lord Milner for the reconstruction of South Africa as a whole. Indeed his particular sphere, which included the Secretaryship of two important South African Commissions and constant attendance on the Inter-Colonial Council when it was formed, took a wider range than that of some of the others.

Lord Milner's "Kindergarten", as they were called, were a band of brothers who shared a common base in the Moot House at Johannesburg, and exercised their extremely varied wits upon the knotty racial and constitutional problems bequeathed to the four Colonies by the war. It was clear when Lord Milner left South Africa and Lord Selborne succeeded him, and still more when a change of Government from Conservative to Liberal at the heart of the Empire had given responsible government to the Free State and the Transvaal, that the rivalry of the Colonies, each set upon its own interests, and also the bitter racial feeling left by the struggle, were leading the whole South African community into a state of chaos which might engender another and still more bitter war. This contingency the young Moot set itself to study, with much regard for the wisdom of Alexander Hamilton and for the experience of other parts of the Empire, such as Canada and Australia, where federation was an accomplished fact. Their business, as they conceived it, was to diagnose the disease and point out its probably fatal consequences, if a cure could not be devised.

Philip Kerr had already given proof of his political quality as Secretary to an Indigency Commission appointed to deal with the problems of "poor whites". In the course of the months occupied by their work, which involved travelling all over the Transvaal and also to Cape Town to take evidence, members of this Commission had realised that their guileless young secretary was not only leading them all by the nose, but leading them rightly. The theory of South African society was

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that all forms of drudgery were relegated to the coloured man, and all forms of skill were to be reserved to the white man. The Commission were faced by the fact that, while all the skilled labour for a great industry like the mines was imported, a dangerously large proportion of the white population born in the country who had acquired no skill would not think of touching unskilled labour and had no means of earning their livelihood. It was Philip Kerr who, from the accumulated mass of evidence before them, pointed out that drudgery is the school of skill. If, as in South Africa, or the Southern States of the U.S.A., the white man born in the country would not soil his hands with drudgery, he could not acquire skill and must join the ranks of the poor white or the mean white. The Commission found in evidence that coloured men were forcing their way across the caste line, were acquiring skill, were being employed as skilled labourers but often at unskilled wages. Philip Kerr drafted a Report which all signed unanimously. It became a milestone in the study of the colour question. Twenty years later Mr. Jagger, when a member of the Union Government, had the Report reprinted at his own expense.

He had also been assistant to Mr. Robert Brand, who was Secretary of the Inter-Colonial Council which controlled the Transvaal and Orange River Colony railways under the High Commissioner. The native question, that is, the relations of black and white, was the fundamental reason for South African Union; but the problems which forced the question of union to the front were those raised by the separate railway systems of the four colonies. Philip Kerr was given the task of writing a memorandum upon them, and once again produced a masterly document. This was in due course appended by Lord Selborne to the Memorandum published over his own initial in which he showed that the South African colonies must drift back into internecine war unless they united in time.

The next task of the group was to get this argument adequately studied by both races throughout South Africa. For the purpose they started to organise Closer Union Societies in the Orange River Colony, the Cape and Natal as well as

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in the Transvaal. It was at this juncture that Sir Abe Bailey decided to join the movement, to supply it with funds, and to equip it with a monthly organ to expound its views. There was no paper or magazine which went all over South Africa or through which a South African point of view could be put as contrasted with the local colonial view. *The State* filled the gap, and Philip Kerr was appointed editor. He made of it the most important factor in creating the public opinion that carried the Union through. Most of the group returned to England when this had been achieved.

Philip Kerr had a mind which never stood still. He was always breaking new ground, and he found it next in the wider problems of the Empire, which seemed (like South Africa before the Union) to be moving steadily towards war. It seemed essential in these circumstances to found a periodical which would present a regular account of public events throughout the King's Dominions, written with first-hand knowledge, and entirely free from the bias of local political issues. The review was also to provide a means by which the common problems of the Empire could be discussed, and *in primis* to set out those problems for all to understand. THE ROUND TABLE was founded accordingly, once more with Sir Abe Bailey's generous support, and published its first number in November, 1910. Philip Kerr was editor, and threw himself into the work with unremitting zeal until he went as Private Secretary to Mr. Lloyd George at the change of Government in 1916.

In the course of those six years he wrote much on imperial problems; but the most original and commended of his articles were studies of international affairs. Of these his first, on "Anglo-German Rivalry", is really astonishing for its grasp of the coming struggle. "There is", he wrote, "an eternal conflict here", and he begged his readers to appreciate both the strength and the menace of German thought.

Where two such peoples are set up over against one another, none can tell what the outcome will be. Let us hope that it will never be put to the crude test of war. But in considering our measures for the defence of the Empire it is well to remember what the Germans

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think. If ever it comes to a struggle between them and us, they are confident of victory. They believe that they embody the vital civilisation of the day. Their philosophy, as they say, is less material than the Anglo-Saxon, more robust than the French. Their worship of art—especially music—their relentless pursuit of knowledge, their readiness to sacrifice themselves for the good of the State, are all marks of a dominant people. The Anglo-Saxon world, they point out, is full of the talk of disarmament, of peace as the supreme necessity of the time, of material well-being as the central aim of collective activity. Such a creed, they say, is bound to go down before the idealism of Germany. For it is a conflict between people who value their ideals above their lives, and a multitude which rates its life above all else. They believe that the Anglo-Saxons are not capable of that self-mastery which will give them the unity and strength to resist assault, and that the selfish individualism of the nations of the Empire is as powerless to resist their worthier system as was the nerveless civilisation of Egypt to withstand the onward march of Rome.

This article was published in 1910. Few statesmen had then grasped the issue with such clearness, four years before war broke out; and Philip Kerr was still a young man of 28.

Of his next phase, which kept him for four and a half years, from 1916 to 1921, at the centre of affairs as right-hand man to Mr. Lloyd George, it is harder to write. The work of a Private Secretary is absorbed in the achievements and failures of his chief; and his individual contribution to the process is necessarily veiled. But Mr. Lloyd George in the speech which he made in the Commons at his death paid generous tribute to the responsible assistance which Philip Kerr gave him during those momentous years, and we cannot do better than quote what he said:

Mr. Philip Kerr was my constant comrade throughout the whole of that very dark, anxious period, and I wished for no better comrade or more stout-hearted. His deep spiritual placidity was unshakable by any events, and he was very cheerful at the worst moment. He was a good comrade in the black-out.

He was a man of remarkable abilities. As the Prime Minister stated, the depth and the breadth of his intellectual capacity impressed some of the greatest men of that day—Clemenceau, President Wilson, Veniselos—that galaxy of great men. They were very

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impressed with Philip Kerr and treated him, not as a Prime Minister's secretary, but as if he were an emissary to the Conference, and a very important one. But the basis of his character was deeper than his capacity. His abilities were consecrated and inspired by his deep faith. He was intensely religious, but never flaunted it; he was intensely religious without bigotry, without intolerance and without any of the hatreds that too often mar an ardent faith. He had none of these, but was a Christian gentleman in every sense of the term.

From Downing Street he went back to journalism as director of the *Daily Chronicle*; but control of a daily newspaper made no appeal to him, and he left it after a few months in order to devote himself to wider study and the writing of a book on *The Prevention of War* in which he collaborated with Mr. Lionel Curtis. Here again the lessons of American history were emphasised, from the solemn covenant made by the Pilgrim Fathers before their landing in Massachusetts Bay to the Declaration of Independence and the federation of the United States.

In 1925 he became Secretary to the Rhodes Trust and held this post until he took up his duties in Washington in 1939. The work was most congenial to him. It enabled him to travel widely once more in the Dominions, and it added greatly to his knowledge of men and things in America, for it took him to every State in the Union and brought him into touch with the whole range of American university life. No Ambassador but Bryce started with such a grasp of American habits and ideas. But his work for the Trust was not altogether continuous. It was broken by many visits, official and otherwise, to India and other countries oversea, and by a short period of office in the Coalition Government formed by Mr. Ramsay MacDonald in 1931. In this he was at first Chancellor of the Duchy of Lancaster and then Under-Secretary of State for India. He joined it as an Independent Liberal under Lord Samuel's leadership, and he left it with the other members of that party in 1932 because the handling of Imperial Preference at the Ottawa Conference was held by them to be in breach of the understanding on which the coalition had been formed.

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His work for India will long be remembered there. He went to the India Office in November 1932 well acquainted with the diverse aspects of the Indian constitutional question, for he had already established with the leading personalities on the Indian stage those easy and sympathetic contacts which came so naturally to him. The affairs of India were at a very important turning-point. The Second Indian Round Table Conference, of which he was a member as he had been of the First Conference, was then sitting, and the proposals which were later incorporated in the Government of India Act of 1935 were under discussion between representatives of all interests in India and of the three political parties in Great Britain. In this work he was in his element. His experience and grasp of the intricate points which must arise in the construction of a new constitution were of great value.

When the Conference adjourned he was an obvious Chairman for one of the Committees of Inquiry which had to be sent to India on specific points. Thus he spent the early months of 1932 leading the Indian Franchise Committee round India to confer in all the Provinces with the local governments and local representatives. The task of his Committee was to devise the widest possible electorate in a country in which, owing to the small proportion of the population which is literate, there are serious administrative difficulties in organising a poll on a large franchise. It is proof of his persistence and energy that he was able to secure the agreement of the local governments to a great expansion of the electorate everywhere, and his good judgment has been borne out by the fact that, when elections were eventually held on the franchise which he recommended, the administrative difficulties in its organisation were in the main overcome.

The India Office was the only Department of State in which he ever served as a minister, and his position was a subordinate one. His stay was also short, but he earned in it the affection of his subordinates and a respect for the originality of his views which, according to his habit, he would express striding about his room with a bowler hat well on the back of his head. After

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his resignation in September 1932 he continued to take a close interest in Indian affairs. He was a member of the Indian Joint Select Committee and took a prominent part in the debates on the Government of India Bill in the House of Lords. He paid a further visit to India on his own responsibility in 1938, in the hope that he might assist the negotiations then proceeding for the establishment of the Federation contemplated by the Act of 1935, and he might well have played a greater part in Indian affairs, had his life been prolonged.

All this meant hard work and constant travel, but it by no means exhausts the tale of his activities. In the same years, for instance, he paid more than one visit to Germany; for there was a period before German rearmament became a decisive fact when he still believed that some reconciliation might be found between the Commonwealth and the Reich. It was part of his gift of catholic sympathy to appreciate the German point of view, and he was always conscious, as his Baltimore speech showed, of the mistakes which had been made—in handling rather than in substance—at and after the settlement of Versailles. But on this point he seemed to most of his friends to be following marsh-fires, and they rejoiced when German action brought him face to face again with the realities which he had grasped so clearly back in 1910.

The next and final phase was his Ambassadorship at Washington. He had sloughed his "pro-German" speculations long before the day when Lord Halifax offered him that high responsibility, as an interview which he gave to the National Broadcasting Company last July showed:

Mr. Pearson. Lord Lothian, have you by any chance ever met Hitler?

Lord Lothian. Yes, five or six years ago, and he said to me much what he said a few nights ago before the Reichstag, that he was very anxious that Germany and England should work together. I think he meant it. But what he really meant was that we should rule the world together as two branches of the Germanic race, treating all other nations as dependencies. But we just cannot come to terms with Hitler on his basis. . . .

Long, indeed, before he crossed the Atlantic on his memorable

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enterprise he knew that the great struggle between Good and Evil, Freedom and Slavery, must soon be renewed; and he went to Washington fully conscious of all that might hang upon his diplomatic foresight and skill. Everything that he believed in was once more to be tested by fire, and he was happy in the opportunity of working directly and decisively for that understanding between Commonwealth and Republic which had long been in the forefront of his political hopes and ideals.

III

THAT is the outline of his life; but it gives no picture of what he was to those who knew him, still less of what he might have been, had a few more years been given him. Nor can we hope to do so as we would, for behind the journalist, the politician, the statesman there was a remote but enchanting spirit which lived on hidden heights, for ever wrestling with the riddle of things.

The first impression he made upon those he met was one of natural friendliness and ease. His manners were the same for everyone, and he was always frankly interested in human beings, with a swift and certain insight into their point of view and a warm desire to show it was understood. So marked was this capacity that in his salad days his views of any situation were often over-coloured by the standpoint of the last country he had been visiting; but as he aged he shed the greater part of this chameleon quality and kept his wide sympathies without allowing them to sway his judgment.

This interest in human beings extended to everything about them. He would go through a pile of newspapers like a trained journalist, not reading line by line, but absorbing page by page and dropping instinctively on the new or specially significant. For the human show in all its variety was a constant delight to him. Thus it amused him to announce on his last visit home from Washington that there were now only two important industries in America, munition and "beautition", and there-

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upon to launch into a description of the ubiquitous beauty parlour with its stimulating influence upon the looks and bearing of American women of every kind. "If you wish to know your world, enquire into its luxuries and frivolities." Philip Kerr would have echoed that sentiment, for he found endless entertainment and enlightenment in all the lighter aspects of life.

It follows that he was by nature a good mixer. He was always somehow in intimate touch with the feeling surrounding him, in India and Africa quite as much as in the purlieus of what is called Western Civilisation, and he would fall into conversation with anyone he met without a touch of aloofness or constraint. This is an unusual trait in travellers from this island, and it certainly went a long way to endear him in places where the Englishman is generally suspected of pride and racial superiority. In fact, he had not the slightest touch of either. All men were good company to him, whatever their race or language or colour; and it says much for his intuitive sympathy with all kinds and conditions of them that he managed to pluck out the heart of their mystery without ever learning to speak any language but his own. His French was frankly as bad as it could be; he had no German; but he caught the idiom of other peoples' thought and feeling despite his ignorance of the tongues they spoke.

In this way he was brother to all the world. It was no common Englishman who moved amid the polyglot throngs in Paris when the Peace of Versailles was being negotiated or who talked with Indian leaders and sat upon the ground with Mahatma Gandhi, eating rice from a bowl. But his heart unquestionably went out most warmly to the people of the United States. He loved the exhilaration of the air they breathe, the newness of life, the freedom, the equality, the abounding confidence. Next to his own country and very close to his affection even for that, they were part of all his hopes and ideals. He believed in the greatness of their destiny, and could speak with extraordinary frankness to them.

We are bound to add, in this sincere account of his lovable

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personality, that he was supremely untidy of habit. Constant reprobation from candid friends, renewed with vigour throughout his life, failed to produce the slightest improvement; and to the end the clothes he wore were a reproach and a misery to all who cared about him. His father, an unmistakable soldier, had never managed to put him through the hands of an efficient sergeant-major, and he was hopelessly indifferent to "spit and polish" of every description. Always, when he paused to think, his hand would sweep backwards and comb-like through his tousled hair, leaving its confusion worse confounded. The tidiness of well-groomed people was to him indeed a kind of magic, and he could not understand how it was achieved.

Fortunately, it did not matter, or mattered only in a happy way; for Americans in particular approved his attitude towards dress and all his unconventionality. Clothes in any case have no importance for those whose looks have a natural attractiveness like his. His inborn grace and unassuming dignity shone through their highly creased and shapeless integument and were perhaps the more endearing because of his indifference to his outward covering.

This, then, was the man who talked to the press and faced the cameras and was, so far as they could manage it, recorded by them. Press photography by word and picture is now a highly developed art, and he received his full meed of its attentions during the last phase of his life. But the depth and range of his capacities were never widely known, though they would surely have become so had he but lived to bring the weight of his new experience to bear upon the problems that are rising like mountains from the earth-shaking disturbance of this war.

IV

THE inner man below this attractive surface had great reserves of talent and even greater charm. For high political leadership in particular his equipment was unusually strong, since he had two great qualities, not often so signally

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combined. One was a determination to get at the truth, whether in the world about him, or in the world of mind and feeling. Meredith's well-known lines,

Ah, what a dusty answer gets the soul
When hot for certainties in this our life!

had no meaning for him. By early training and by his whole cast of mind he had to have a reasoned explanation of man's place in the universe to uphold and guide him. The other quality was equally strong and resolute. It was a deep determination to fight for the light as he saw it and to make it prevail. He was not one who merely loved to watch the show or to play some decorative part in it. He was a man with a mission and, for all his easy ways, a fighter bent on victory.

To this role of combative leadership he brought great endowments, both practical and imaginative. On the practical side one of the most marked was his quick grasp of detail and natural business capacity. He had a remarkable gift for analysing, measuring and dealing with the immediate needs of the moment in any situation; and no problem, however complex, escaped his probing and simplifying touch, if he chose to give his mind to it. Typical of this was his gift for giving simple and practical advice on everyday subjects, from the tipping of waiters to the upkeep or driving of a motor-car. In this latter field he was an expert with a sensitive touch upon the engine he controlled. As a true child of his age, he took intense delight from speed, and was so good a judge of it that his driving was always safe.

Closely knit with this love of rapid movement was the joy he found in scenery all over the world. It was not the detail which attracted him, but the broad expanse of a sea-scape or a countryside. In his youth, when motors were comparatively rare and beyond his means, he was wont to cover great distances on a motor-cycle, arriving suddenly at the houses of his friends with his baggage strapped to the pillion and little of it at that. He must in those days have travelled most of the country from Land's End to John o' Groat's. Ski-ing too was much to his

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fancy, since by that means also—with some disasters, it is true—he could career gloriously under lofty peaks and radiant skies across wide spaces of snow. It was natural therefore that he should have taken enthusiastically to travel by air. He would descant upon the joys of that from Calcutta to Croydon and back; for the beauty of nature which appealed to him was always that of the far-spread, changing scene.

But while his instinct for detail never seemed to be caught by the individual character of birds or trees or flowers (in gardens he was always for broad effects), it kindled infallibly over anything to do with the life of man. Human achievement in all ages was meat to him, and more particularly those buildings which are history, eloquent of a country's life and mind. Thus he loved the great houses of England and Scotland, and devoted much thought and energy to means whereby they might be preserved. The seat of his own family at Newbattle in Midlothian he gave as a hostel to the Scottish universities soon after he inherited it, and he has left his lovely Elizabethan house at Blickling to the National Trust with the treasures it contains.

Another highly practical endowment was his power of work, for he combined rapidity with untiring industry. He gave thought and pains to everything he undertook, in games as well as in affairs, and he was always thorough. He became, for instance, a scratch golfer with uncanny accuracy from any point within reach of the green largely because in his parents' home at Woodburn he had made a small green in the middle of a field and was wont to practise approaches to it from many distances and all points of the compass. What concerned him was the substance rather than the form, and this was manifest in his writing; for his meaning was always crystal clear despite a breezy indifference to style and a certain shapelessness in his sentences. He was in fact a business rather than a literary man in his methods of expression; and, though he loved the beautiful pictures which he inherited late in life, music was the only art which always had a deep meaning for him. His reading was vast, but mainly in prose; his ignorance of Shakespeare

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was almost equal to his knowledge of the Bible, and he loved poetry rather for its content than for its beauty.

He might thus have gone a long way in finance or commerce, had such a career attracted him. But he was contemptuous of money-making, though he could have made it with ease, and lived happily on a frugal income till the Lothian estate descended to him. In the world of affairs his major interest was in politics. Though he was in spirit a visionary, he was in practice a statesman bent upon the service of mankind; and in this rôle, for all his inborn idealism, his instinct for the practicable never deserted him.

Allied to this practical capacity was a passion for probing and analysing what was in men's minds. He was, as he showed at Washington, an extremely sound judge of popular feeling and far too much a realist to overrate the wisdom of the mass or to indulge in wishful thinking about the way things would go. So marked indeed was this trait that he often seemed an arrant cynic in his appraisal of a situation or of men. It was said of Clemenceau that while he loved an abstract France, he despised all living Frenchmen. Philip Kerr had a vivid faith in the high destiny of mankind and an instinctive fellow feeling with any man or woman who was sincerely given to its service; but he had no illusions about its present state or inherent weaknesses, and he was wont to analyse the motives and methods of its political and religious leaders, including those of his own friends, with a ruthless and most stimulating candour. He was himself a knight-errant of the purest water, but neither the rosy mists of the ideologue nor the shady arts of the humbug had any chance of deluding him. This mixture of case-hardened realism with convinced and imperturbable idealism is rare enough, and it lay at the root of the exceptional political gifts which came to real fruition only in the last phase of his life—at Washington.

The appointment of Ambassador there was unquestionably of all political posts the one best suited to him, and he was ripe for the service when it was offered him. Up to the age of 57 he had never held a position of independent responsibility.

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His closest friends had always felt anxious that he should do so, since they were convinced that he would not reach the full achievement of which he was capable until his brilliant talents were concentrated by high and independent office upon some single and absorbing obligation. They had lamented on that account his resignation from Mr. MacDonald's Government in 1932, though they could not but admit the cogency of his reasons for it, and they welcomed with enthusiasm the news that Lord Halifax had asked him to serve as the King's representative in the United States. War between the Empire and Germany was becoming more and more inevitable, and it was certain that the relations between the Empire and the great Republic would exercise an immense and perhaps decisive influence upon the impending struggle. Philip Kerr was therefore taking up a mission of critical importance, and there was anxiety in many quarters about the appointment of one who had never been tried in any such post before.

He soon showed, however, how exceptionally qualified for the task he was. His wide and ready sympathy with views of every description, his knowledge both of Europe and the Empire, his long familiarity with and affection for the American nation, his grasp of American political life, his profound and unswerving faith in the democratic mission of the English-speaking world, and above all his uncommon gift for getting on to easy and outspoken terms with men and women of every description—all these things combined with the charm of his attractive personality to make of him an envoy brilliantly suited to that great diplomatic office. His friends felt confident of his success, and splendidly he justified them.

Neither the tremendous sweep of events nor the answering movements of public opinion through which he had with foresight, tact and fidelity to explain his country's standpoint and advance its vital interests need description here. They are engraved in every living memory. He arrived in Washington in August, 1939, and came home for a brief visit in October, 1940.

That visit was no holiday. He had much official business

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to transact, and he was also determined to see all he could of the effects of the struggle and of our people's reaction to it. He was therefore constantly on the move, and left again for Washington after a short three weeks, refusing to allow himself a breathing-space while so much depended upon the attitude of the re-elected President and the new Congress towards the conflict at sea and the hanging menace of invasion.

It is plain that he overtaxed his strength, which, never robust, was being threatened by lack of sleep and some trying symptoms of illness; but, constant in his beliefs, he refused to give these warnings the least consideration and was indeed unaware of the grave threat to his life which underlay them. His mind was set upon two things and two alone—the immediate duties of his post and, beyond that daily round, the promise of the faith by which he lived and moved and had his being. The stuff of all great witnesses to faith, the saints and martyrs of all persuasions, was in him, and fear would not have turned him from the race he meant to run, even had he known the sudden end awaiting him.

So he went back, tired in body but confident in spirit, and more deeply convinced by what he had seen that the hope of many generations of humankind would rest upon the promptness and completeness of Anglo-American co-operation. The terrible importance of the time factor had come home to him with redoubled force, and he was pondering his last great speech at Baltimore for some weeks before the date of its delivery. Undefinably, but very markedly, his judgment had gained in weight and solidity from the lonely charge which had been laid upon him, and he was prepared to trust it to an extent which showed a sense of intimate touch with the American people. There can be few examples of ambassadorial speech so frank, direct and homely.

I have endeavoured [he said in his closing sentences] to give you some idea of our present position and dangers, the problems of 1941 and our hopes for the future. It is for you to decide whether you share our hopes and what support you will give us in realising them. We are, I believe, doing all we can. Since May there is no challenge

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we have evaded, no challenge we have refused. If you back us you won't be backing a quitter. The issue now depends largely on what you decide to do. Nobody can share that responsibility with you. It is the great strength of democracy that it brings responsibility down squarely on every citizen and every nation. And before the judgment seat of God each must answer for his own actions.

He was unable to deliver this speech himself. Three days before the date of it he was stricken by the illness which had been hanging over him, and he had to direct the senior member of his staff to represent him. One of his last utterances was to ask whether the speech had been made. He died a few hours later.

V

THIS last speech of his at Baltimore and the Burge Memorial Lecture, which has already been quoted, contain between them the gist of his political beliefs. But they also show how closely related those beliefs were to his religious convictions. For his inmost essential being the heart-beat of a living faith was indispensable; and he had found the kernel of such a faith like a sudden revelation in Christian Science during a dangerous illness that fell suddenly upon him in 1914. He had no use for the politics which are all earthy of this earth nor for a religion bent solely upon salvation for the individual soul in the world hereafter; and in his mind political and religious belief came to be more and more closely intermingled. He held, as the Burge Memorial Lecture shows, that men should strive to build the Kingdom of Heaven here upon this earth, and that the leadership in that task must fall first and foremost upon the English-speaking peoples. In the working out of that faith he, like Blake, could never cease from mental strife nor let his sword sleep in his hand. For the Kingdom of Heaven as he saw it with the eye of faith could not be built solely of higher wages, model dwellings and insurance against ills that flesh is heir to. It must rise upon a wider and clearer realisation in the State of the spiritual and moral bonds between man and man, and it could only be reached when

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men were ready of their own free will to set bounds upon their individual and national freedom for the service of each other and a greater commonwealth. However acute the realism of his mind in probing international affairs, however deep his conviction that force alone could keep the evil down and allow the good to grow, however keen his awareness of the dangers and difficulties still to be overcome, his steps were lighted and his course inspired by this vision in which his religious faith transfigured his political ideals. Lord Rosebery once said that great Englishmen have nearly all been "practical mystics", deeply convinced that mankind, in Wordsworth's words, is "greater than it knows". Philip Kerr was sealed of that tribe from boyhood onwards.

Living by this inner light, he was always a little remote from the pains and pleasures that constitute three-quarters of the life of most women and men. He took instinctively to children, and children to him; he needed the companionship of women as much as that of men; and yet he never married nor had a real home. He made friends with every dog he met; but he would not keep dogs of his own. When the historic seats of the Lothian family descended to him, he valued and enjoyed them greatly; but with a curious detachment and restlessness which prevented him from settling in any of them for long. He seemed to be afraid lest private possessions and affections should tie him down, and in his latter years he shunned discussion of his beliefs with all but those who shared his views, as though Matthew Arnold's apostrophe to the Scholar Gipsy were ringing in his ears:

But fly our paths, our feverish contact fly!
For strong the infection of our mental strife,
Which, though it gives no bliss, yet spoils for rest;
And we should win thee from thy own fair life,
Like us distracted, and like us unblest.
Soon, soon thy cheer would die,
Thy hopes grow timorous, and unfix'd thy powers,
And thy clear aims be cross and shifting made;
And then thy glad perennial youth would fade,
Fade, and grow old at last, and die like ours.

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Who can blame him in a world so full of "light half-believers in their casual creeds"? His faith was his very being; and he wished to keep it sharp and shining, not blunted by material comfort nor rusted with the acids of debate.

This strongly willed detachment, and the Scholar-Gipsy elusiveness that went with it, contrasted with the candour of his mind, the naturalness of his talk, the kindly malice of his humour and the breadth of his sympathies, somehow lifted him above attacks of temper and gave him an imperturbable serenity of mind. He was the most equable of companions as well as the most human, loving good companionship and giving it back in generous measure. No one could have been happier at his own fireside had he chosen to have one, and he could make himself at home in any gathering, looking without guile into all the minds he met, however sensitive, however senatorial, however draped and decorous, and getting on to terms with them. But he was always also in some sense withdrawn, like a traveller enjoying the cheer of a wayside inn, as ready to leave as to enter its fireside glow and human company.

This may seem like the instinct of escape, the introversion of the monk or hermit who shuns the life of men in order to make his own soul for eternity. But there was no such shrinking from the fray in Philip Kerr. It is true, of course—so far as the mechanics of life are concerned—that he could hardly have been the tireless knight-errant he was had he not broken away from the public service in 1921 and had he also not been free as a bachelor without ties to ride abroad upon his eager quests as the spirit moved him. But whatever path he might choose, it could never be that of the man who turns his back on the world and meditates his own salvation. Religion was fundamental in him; he had won to his creed through agonies of doubt and fear; and when it came to him as a spark from heaven, it fused with his political thought to make of him, not a monk, but a crusader and a pioneer. He meant to work and strive through all his days in the restless world of men for the faith which shines through his Burge Memorial

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Lecture and his last testament at Baltimore. He had in truth a mission, consciously, tenaciously, unfearingly pursued; and he gave his life for it.

VI

HE is gone, but he enriched his friends with all that he had and was, and nothing will dim for them his endearing charm, his vivid mind and the keen crusading temper which carried him so gallantly to his untimely fall. The eager spirit of his boyhood was alive in him to the end; and they will always see him striding into the unknown with his eyes upon the hills—

Still nursing the unconquerable hope,
Still clutching the inviolable shade,
With a free onward impulse brushing thro',
By night, the silver'd branches of the glade.

In the great world, also, he will surely hold an imperishable place amid the leaders of this age. The loss of his great influence and understanding at so grave a moment is tragedy enough; the sudden withering of all the further promise that had ripened in him is sadder still. So young and strong of mind, he would assuredly have risen to yet higher office in the State had further years been given him. But there is a wealth of consolation in the fact that he was able to render to the English-speaking democracies in a momentous hour the splendid and devoted service for which his whole life was a preparation and he himself of all his generation the most fitting instrument.

How the swift but steady march of opinion, even since his death a few short weeks ago, would have stirred his pulse and kindled his fire! He was far too much a realist to believe that the British and American peoples would come together to defend and develop their way of life against a world in arms if each were not convinced that its own national future was at stake. He also knew that great results are not secured in the passage of a few stormy years, and that the two peoples would have to be ready, even after victory, to maintain together the armed and organised force which is necessary, in Mahan's striking phrase, "to give moral ideas time to take root".

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It is, after all, national character, springing from millions of simple homes, that counts in the end, as Britain has bravely shown. "If a country", wrote F. S. Oliver, "will not stand up for its rights, it must surely lose them. The spirit of giving in is the most fatal disease to which nations are subject, and it is apt to attack them, like a cancer, when they have arrived at the meridian." Philip Kerr had faith in British character, kindled and reinforced by what he saw and recorded upon his last visit home. "We are not quitters", he said. But he knew that Britain, however steadfast, could not command the necessary strength alone, and he also feared the relapse to which both the British and American democracies have shown themselves prone after a great effort and a triumph won.

The plain truth [he said in his last speech] is that peace and order always depend, not on disarming the police, but on there being an overwhelming power behind just law. The only place where that power can be found behind the laws of the liberal and democratic world is the United States and Great Britain supported by the Dominions and some other free nations. The only nucleus round which a stable, peaceful, democratic world can be built after this war is if the United States and Great Britain possess between them more aeroplanes, ships of war and key positions of the world than any possible totalitarian rival. Then, and then only, will political and industrial freedom be secure.

While, therefore, he believed implicitly in our victory in this war, he did not believe that the danger to our free system of life would end with it. "This war", he said, "is not a war between nations like the last war. It is more a revolution than a war." He saw no hope of eradicating by a single effort the plague that has spread so virulently upon European soil; and he prayed that the democracies would not forget the terrible danger of counting on the mobilisation of their reserves of strength only at the eleventh hour—a danger from which they have not yet saved their souls alive. Character is strength, but it must not be manifested in emergency alone.

Lo, Strength is of the plain root-virtues born;
Strength shall ye gain by service, prove in scorn,

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Train by endurance, by devotion shape.
Strength is not won by miracle or rape.
It is the offspring of the modest years,
The gift of sire to son, thro' those firm laws
Which we name Gods; which are the righteous cause,
The cause of man, and manhood's ministers.

Those lines are from Meredith's *Odes in Contribution to the Song of French History*—an amazing group of poems of which the third, named "France, December, 1870", has a terrible bearing upon France in her agony now. Let us then, he would urge, remember to what depths democracy has fallen elsewhere. In the new era which is breaking through the storm neither patriotism nor pacifism, as he said in his Burge Lecture, will be enough. Let then the British Commonwealth and the United States, like two great pillars, uphold the firmament of freedom together and let them keep watch upon its gates with unchallengeable power, that its future may be secure.

No man on the British side has done more than he, since his first article in this Review*, to interpret that writing on the wall and to bring its meaning home to the simple men and women upon whom the issue depends. The National Cemetery at Arlington is far from the deep secluded peace of his homes at Blickling in Norfolk and at Monteviot under the Cheviot Hills, where many generations of his people lived and died; but the resting of his ashes with the great American dead in that tomb across the sea is a symbol of his faith in the common destiny of the two great peoples whom he sought with all his heart to save and serve. There lies a Pilgrim who strove to bridge the deep Atlantic and its stormy air, not to make of it a gulf between the future and the past. The surge of free opinion is moving irresistibly forward on the course which he desired; and whatever great men may hereafter lead it on, his name will assuredly be honoured as that of a far-sighted pioneer. He served both nations nobly, and he will not be forgotten either west of the Atlantic or east when historians compile the chronicle of these tempestuous years.

* Reprinted as an appendix to this number, p. 393 below.

THE TWO ORDERS

I

AN article, entitled "The Issue", in *THE ROUND TABLE* of March 1940, contrasted the two conceptions of life and politics—the Nazi and the democratic—which are struggling for the control of the world. Since it was written we can judge more clearly what a German victory would mean, for, since the Battle of France, there has been much talk in Germany of the "new order" which Hitler proposes to create. How does his conception of the Europe of to-morrow compare with ours, and which is the better—for Europe and for the future of civilisation?

The hope and the bait which Germany offers is a Europe purged of economic nationalism, a single commerce area with stabilised currencies and multilateral trade, where each country produces the goods which it is best adapted to produce; a Europe which sends its manufactures to colonies systematically and fully exploited and draws from them raw materials; a Europe permanently peaceful and increasingly prosperous.

The proposal is all comfort, sweetness and light, an attractive vision to a world weary of war, dislocation, hunger and death. But the train in which politicians travel is not the platform by which they enter it, and reflection suggests some second thoughts. It is easy to sketch Utopia in a few bold strokes—advertisers do it every day—but what will the picture be when the details are filled in, what kind of a world will Utopia be in fact? What is new in this vision of a new world? Has it not been a commonplace for many years, and has there been any greater obstacle to its realisation than Germany, with her tariffs and currency management and closed economy and unilateral agreements? How can an ideal, so eagerly sought

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and so repeatedly frustrated, be achieved? The answer is that a victorious Germany will impose it; this is the only new element in the plan. And are there no dangers in that? Is there not a risk that, when interests conflict, the smaller Powers will always have to give way, that the profitable lines will be reserved for Germany, and the unremunerative ones for others, that her neighbours will become increasingly dependent on her and reduced by degrees to economic serfdom? It is proposed to "rationalise" Europe. Well, we are familiar with "rationalisation" in smaller fields. A group of big financiers take charge of an industry, buy out stronger competitors and force the small men to work to their order, or ruthlessly squeeze them out regardless of individual claims or sufferings, resolving any conflict in their own interests, and organising everything for their own profit. Sometimes this is called "rationalisation", sometimes "exploitation". It may be deplorable in industry; but it is far more disastrous if not individuals but nations are dictated to, coerced and crushed. That, at least, will be the view of those who believe in liberty not only as a human right but as the condition of progress. So the question arises, What is likely to happen if Europe is "rationalised" under the "leadership" of Germany?

Apart from a few generous, attractive phrases we know in fact very little about the new order, but what we have seen of it is ominous. The conquered peoples have some experience of its beginnings. Germany has requisitioned their food, raw materials and machinery when she needs it, and by force or by economic pressure has taken their citizens away to work for her (all Poles from 16 to 50 are liable to compulsory labour service, Czechs can be called up for "projects of particular State importance"); their currencies have been manipulated in favour of Germany and they have been forced to sell goods in return for credits; where their political independence has not been destroyed, they are continually pressed or forced to dismiss ministers of whom Germany does not approve. These acts, which inspire no trust in German "leadership of Europe", would doubtless be explained away as temporary war measures.

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But the permanent aims of Germany are revealed in her policy of annexation and are not reassuring. She has incorporated in the Reich the great iron district of France in Alsace-Lorraine, the important steel industry of Luxembourg, the manufacturing districts of Poland and Czechoslovakia, leaving the agricultural district of Slovakia outside, and that of Poland beyond a customs barrier. The European order of her dreams is manifest; "a predominantly industrial Reich surrounded by a ring of predominantly agricultural satellite countries, the production of which is controlled by the orders which Germany chooses to place, and the extra-European trade of which is under German control entirely".* Mistress, partly by possession, partly by control, of the industrial resources of all Europe west of Russia, Germany could manufacture armaments, naval as well as military and air, with which no country in the world could compete. Is Germany fit to have such power? Is she fit to create a new order in Europe?

II

IN the *Arabian Nights* a djinn, looking like a friendly trader, offered Aladdin new lamps for old. Aladdin would have escaped much suffering if he had scrutinised the stranger more closely, for the character and past of a merchant affect our opinion of his wares. So the offers and promises of Germany must be viewed in the light of German theory and practice. Fortunately, thanks to Hitler—and others—we know everything about German aims and methods. The following extracts are from the Nazi Bible.

The primordial racial elements are of the greatest significance for mankind. . . . On this planet of ours human culture and civilisation are indissolubly bound up with the presence of the Aryan.†

The worth of a State can be determined only by asking how far it actually succeeds in promoting the well-being of a definite race.‡

We start then with the doctrine that human progress depends

* *The Bulletin of International News* (January 25, 1941), p. 71.

† *Mein Kampf* (Hurst & Blackett), p. 321.

‡ *Ib.*, p. 332.

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on the world being controlled by a particular race; the next stage in the argument is to identify this race with the German people; whenever Aryan is mentioned, German is meant. And Germany is not to be content with mere primacy in culture and civilisation. She is to impose on the world

a peace which would not be based upon the waving of olive-branches and tearful misery-mongering of pacifist old women, but a peace that would be guaranteed by the triumphant sword of a people endowed with the power to master the world and administer it in the service of a higher civilisation.*

But for sheer bad luck this would have happened long ago.

If they [viz., the pre-Christian Germans] had come to the fairer climate of the South, with no previous culture whatsoever, and *if they acquired the necessary human material—that is to say men of an inferior race—to serve them as working implements*, the cultural faculty dormant in them would have splendidly blossomed forth, as happened in the case of the Greeks.†

Now, however, the way is clear.

As a State the German Reich shall include all Germans. Its task is not only to gather in and foster the most valuable sections of our people but *to lead them slowly and surely to a dominant position in the world.***

Next follows a glimpse of the methods to be used.

Foreign policy is only a means to an end, and the sole end to be pursued is the welfare of our own people. Every problem in foreign politics must be considered from this point of view, and from this alone. . . . This is the sole preoccupation that must occupy our minds in dealing with a question. *Religious considerations, humanitarian ideals—all such and all other preoccupations must absolutely give way to this.*‡

Out of the fullness of the heart the mouth speaketh. Here are the first commandments of the New Decalogue:

1. Civilisation depends on the Aryan "race".
2. A State is only valuable if it promotes the well-being of the Aryan "race".
3. The Aryan "race" is the German people.

* *Mein Kampf* (Hurst & Blackett), p. 333.

† *Ib.*, p. 330. The italics throughout are ours.

** *Ib.*, p. 334.

‡ *Ib.*, p. 497.

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4. Germany will impose peace on the world by the sword.
5. She will then administer it in the service of a higher civilisation.
6. Germany will incorporate all Germans and lead them to a dominant position in the world.
7. In this process absolutely no attention will be paid to religious considerations or humanitarian ideals.

Anyone who reads such passages will have doubts if Germany is fit to lead Europe and can form an idea of how she would rationalise it.

This, according to its maker, is the goal and meaning of the "new order", and these are the guiding principles in making it. Nations who come into it know what to expect. All the benevolent talk of German officials and the German press is the amiable mask of a brutal face, an appetising bait which conceals the hook.

A Barbarian speaks in terms of power. He dreams of the super-man with the mailed fist. He may plaster his lust with sentimental brutality of the Carlyle type. But ultimately his final good is conceived as one will imposing itself upon other wills. This is intellectual barbarism.*

More light is thrown on the "new order" in the speeches of three of the most prominent leaders of modern Germany. Herr Funk, Reich Economic Minister and President of the Reichsbank, stated on July 25 that it will "guarantee to the Greater German Reich a maximum of economic security and to the German people a maximum consumption of goods" and that "those tasks which are most important to Germany" will be undertaken first. Dr. Ley, the Leader of the Labour Front, told a miners' meeting last September that

if Germany, thanks to its power and creative energy, set up more factories than other nations, and showed more initiative in every sphere, it must also have the right to extract for this purpose the necessary labour supply, in order that Germany might accomplish these tasks which were part of its mission. If Germany, through its power, took the economic life of Europe into its control, then the

* Whitehead, *Adventures of Ideas*, p. 65.

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other nations must be required to follow and obey us and must also accede to our demand that the German people who now laboured in the coal mines should be placed in those positions to which the German rôle of leadership entitled them.

Dr. Rosenberg, broadcasting on July 9, 1940, on the destiny of Scandinavia, said:

It may be understandable or even right that a small nation should refuse to be governed by another of equal size, but we are not convinced that a small nation makes any sacrifice of honour if it places itself under the protection of a very great people and a large Reich.

Here we have the remaining commandments of the New Decalogue from lesser hands than Hitler's, but in the same style.

8. Small nations have no right to enslave other small nations; Germany being a large nation has such a right (Rosenberg).
9. In the new order German interests will be served first (Funk).
10. Other nations will "be required to follow and obey" Germany, and undertake the heavier and inferior kinds of labour for her (Ley).

In fact the "new order" in Europe means the exploitation of Europe for the benefit of Germany, who is already using her power to "extract" the necessary labour supply. It is estimated that between $1\frac{1}{4}$ and $1\frac{1}{2}$ million civilian workers have been "extracted" from conquered countries and transferred to Germany.*

If there are still any doubts about the "new order", consider Germany's treatment of a country which has resisted her will and which is in her power. We might take many countries, but we will select one with a high culture and a great past, Poland. Her political and economic life is completely suppressed, arbitrary jurisdiction has taken the place of law, public and private property has been confiscated, thousands of Poles have been executed or deported (including the 170 professors of Cracow University, taken wholesale to concentration camps

* *Bulletin of International News* (December 14, 1940), p. 1609.

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in Germany). But worse, if less spectacular, is the closing of all universities and high schools, in order that it may be impossible for the country to produce the scientists, technicians, doctors, teachers and other trained minds essential to a modern community, and that while Poland continues to exist, its higher life may be controlled by Germans—as an ichneumon fly stings, paralyses and lays its eggs in the body of a caterpillar, so that its grubs may feed on a living but helpless creature.

Last Christmas Dr. Frank, Governor of that part of Poland which according to the decree of October 12, 1939, was to be “the future settlements of the Polish nation”, announced its fate, choosing for his broadcast message the season when peace and goodwill were proclaimed to men.

It is the greatest gift of Heaven to be able to call oneself a German, and we are proud to master the world as Germans, where Adolf Hitler has set up a Reich which reaches from the Atlantic to the Bug, from the Pyrenees to the North Cape; everywhere there the German war-flag flies. Never before have we been so great and so exalted. Never before was there in us such a mighty glow of the mission of the German nation. Poland has been divided, and the twenty years from 1918 to about 1938-39 will not recur. This land is German, and will remain German, and never again will anyone be able to cast any doubt on the authority of the German State. . . . In this sphere the Poles have no mission. If the Poles wish to retain their liberty and their religious rights they must loyally do their duty, and this duty is: work. Under the protection of the German Reich and the German nation, the Poles can live their lives, as long, however, as they loyally do their duty in this Government-General. . . . We Germans in this territory can only last if we realise continually that we have a mission to fulfil here. Only those shall be allowed to work here who carry in their breasts the firm belief in the mission of the German nation. . . . The Almighty has made this German nation so that it may carry the light into the wilderness. This light will create the greatest values that ever existed on this earth.

Would any civilised people entrust the government of a country to a man who could say such things, let alone allow him to retain it, when he has said them? Such are the makers of the German “new order”. Europe and humanity would

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indeed be unfortunate if it fell into their hands, and it has little excuse for doing so willingly. It has seen enough already of their methods: with foreign nations—promises freely made and broken without hesitation, trickery, lies, violence and war; with their own people—education closely controlled, press and wireless muzzled and directed, right (*Recht*) interpreted as “what is in the interests of the German people”, wrong (*Unrecht*) as “what harms it”,* spies everywhere, the Gestapo, the concentration camp, the murder of opponents who cannot be otherwise suppressed. This is indeed a new order, but not that desired and dreamed of by many thinkers from many lands, by Sully and Rousseau, by Grotius and Penn, by Kant and Mazzini. It is the creation not of *sapienza e amore e virtute* but of that wolf from which Virgil rescued Dante on the threshold of hell, which

molte genti fe' già viver grame . . .
Ed ha natura sì malvagia e ria
Che mai non empie la bramosa voglia
E dopo il pasto ha più fame che pria.†

III

WHAT is the British alternative to the “new order” of Germany? In defining it we are at a disadvantage compared to Hitler, because it is not habitual with us to make statements which we know to be false, and promises which we never intend to carry out. Also our conception of a new order must be more indefinite, because freedom is of its essence. “The poorest he”, said Colonel Rainborough, the Independent, in the Civil Wars, “hath a life to live as the greatest he.” And this is true of nations as well as individuals. They have their own lives to live, their own genius and temperament to develop, their own special contribution to make to civilisation. They are not to be conscripted forcibly into a system,

* Dr. Frick, Minister of the Interior.

† “Has already made many people live wretchedly, and has so evil and guilty a nature that she never satisfies her greedy will, but after her meal is more hungry than before.” *Inferno*, i. 51. 97 f.

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and regimented and drilled, in order that they may march under the orders of Germany or of any other people.

In many points we agree with Dr. Funk. Greater economic regions, freer trade, stable exchange rates. Excellent! A Pan-European system, a Federation of Europe. The sooner they come, the better! But they must come by persuasion and negotiation. They will come more slowly, but it would be better for the world to fail by such methods than to succeed by brute force or the enslavement of free peoples. The German method and its result can be seen in a family where parents, to save trouble or for the supposed good of their children, regiment their lives and crush independence of thought and action. The results are maimed or rebellious personalities. Nations too have their personalities, and even small ones are something more than *Lebensraum* for big peoples. To murder or stunt the national life of Czechoslovakia or Poland or Holland or Belgium or the Scandinavian countries or any other people is not only a wrong to them but an injury to civilisation. Hitler talks of dominating the world (how fond they are in Germany of the word "dominate"!) and administering it "in the interests of a higher civilisation". But civilisation does not progress by any great power dominating and administering the world. It is not a mass-produced article, turned out by a single huge firm, but draws vigour and richness from a variety of independent wills, working unhindered, freely experimenting, following their own bent and genius, and fulfilling themselves.

That is one lesson of history. For there is nothing novel about "new orders". The ancient Persians conceived one, and attempted to bring the small Greek States within it. If they had succeeded, how immeasurably the world would have lost! Rome conceived one, and brought half the known world under its rule—with disastrous results not only to her subjects but to herself. The Roman Empire begins with a noble philosophy of life, efficient administration, sound finances, the best army in the world and no serious rival. Within 300 years this apparently indestructible empire is collapsing; it has

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destroyed beyond cure first the independence, and then the spirit, of its subjects, atrophied the capacities of initiative and self-development which they were never allowed to exercise, and fallen increasingly into intellectual, moral and spiritual decay. Such is the result of even a benevolent despotism, of an attempt to dominate and "administer the world in the interests of a higher civilisation". Dictatorships destroy first their subjects and then themselves, and succeed only in two rôles; they may give leadership and stimulus for a momentary task, or they may be the morphia which eases the sufferings of a worn-out and dying people. But lasting life and progress need liberty.

That is the British theory. Is it the British practice? Our history contains many failures, many errors, many derogations from these ideals of freedom. They were not in the mind of Drake and Raleigh and Clive, nor were the occupation of India or the colonisation of North America inspired by them. Yet they were implicit in a nation which accepted the doctrine of Milton's *Areopagitica*, "We esteem not of that obedience or love or gift which is of force"; and they were inevitable for an independent people who have insistently claimed the right to live their own lives, think their own thoughts and say openly what they feel, and who by the force of logic have come to believe that they should allow to others what they demand for themselves. Logic worked slowly as logic does. Yet slowly the belief in liberty gained ground. Chatham and Burke and Fox were preaching it before and during the American War of Independence, and the United States enforced it when they claimed and won the right to decide their own destinies and taught this country her greatest political lesson. In the nineteenth century the British Empire slowly evolved towards a union of free peoples. In the twentieth every step has been in the same direction. In 1910 South Africa, after two generations of schism and strife, became a united self-governing Dominion. In 1921 Southern Ireland acquired the same free status. India's evolution towards self-government has been so rapid that its completion only waits an agreement between

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her peoples. The principle that the native races in the tropical British territories are likewise to be helped to stand by themselves in the world has been conceived and accepted. How different would have been the fate of South Africa, Ireland, India and the tropical colonies, had their destinies been decided by Nazi Germany!

Thus by instinctive and unconscious evolution has arisen an Empire which reflects the character of the British people and is so different from any past empire that it is misleading to call it by a name with such different associations. It is not the German "new order". It is not the Roman ideal

Parcere subiectis et debellare superbos.

Perhaps the best description of it is in the words of two men, neither British and one of whom was for three years in arms against Britain.

Its very looseness gives the English method its lien on the future. . . . Anglo-Saxon imperialism is unintended: military conquests are incident to it and often not maintained: it subsists by a mechanical equilibrium of habits and interests, in which every colony, province, or protectorate has a different status. It has a commercial and missionary quality, and is essentially an invitation to pull together—an invitation which many nations may be incapable of accepting . . . but whether accepted or rejected, it is an offer of co-operation, a project for a limited partnership, not a complete plan of life to be imposed on anybody.*

What I feel in regard to all the empires of the past, even in regard to the United States, is that the effort has always been towards forming one nation. All the empires we have known in the past and that exist to-day are founded on the idea of assimilation. Your whole idea and basis is entirely different. You do not want to standardise the nations of the British Empire; you want to develop them towards greater, fuller nationhood. These communities, the offspring of the mother country, or territories like my own, which have been annexed after the vicissitudes of war, must not be moulded on any one pattern. You want them to develop freely on the principles of self-government, and therefore your whole idea is different from anything that has existed before. That is the fundamental fact we have

* Santayana, *Character and Opinion in the U.S.* This and the following quotation are taken from B. Richmond, *The Pattern of Freedom*.

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to bear in mind—that this British Commonwealth of Nations does not stand for standardisation or denationalisation, but for the fuller, richer and more various life of all the nations comprised in it.

Even the nations which have fought against it, like my own, must feel that their cultural interests, their language, their religion, are as safe and as secure under the British flag as those of the children of your own household and your own blood.*

Who could say of the German "new order" that nations belonging to it would feel "their cultural interests, their language, their religion, safe and secure"? Poland and Czechoslovakia can answer with their closed universities and Germanised school text-books, Alsace-Lorraine and Luxembourg where German has been established as the official language and no French paper may be published. Who doubts which of these two "orders" is better for the peoples of Europe and the future of civilisation—the German order, or the British (and American) order, which is the spirit of democracy applied to international relations? But that is not the only question. We must ask how the methods of democracy will work—how fast they will work—whether they will work at all.

IV

THE democratic "order" implies an international association with some machinery, for which the League of Nations provides precedents, warnings and lessons. It implies participation by all countries which believe in freedom rather than tyranny, in persuasion rather than force, so that there will be enough weight of goodwill to outweigh any possible ill-will. A purely European "order", in which America and the British Dominions did not participate, would almost certainly break down and, as in 1914-18 and as to-day, involve the other continents in its own confusions.

But to work the new machinery a new spirit is wanted. Here we can learn something from Hitler, who has created and imposed on a nation an ideal which demands and receives

* General Smuts, May 1917.

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self-dedication. The Germans have their ideal, live for it, and sacrifice personal interests to a greater cause. But the nations which believe in justice and liberty have not yet formulated their ideal. They have the material for it—as air, sea and earth witness, and the courage, endurance, self-sacrifice and faith of many peoples and of countless individuals. But they have not yet found their counterpart to Hitler, a prophetic voice to crystallize and utter the instincts and desires of millions. A sick world waits beside its pool of Bethesda for the angel who will stir the waters.

We have not yet developed the outlook demanded by modern conditions. Science, as we are so often reminded, has abolished distance, unified the world, and made the five continents adjacent countries. But we still keep the isolated, provincial minds of an earlier age to which steam and electricity were unknown. The parable of the Good Samaritan has no meaning for us in international relations, and we still tolerate, and even approve, the attitude of the priest and the Levite who see the wounded man and pass by on the other side. The next stage in human progress is to discard the idea that self-preservation and national interest should be the only principles which determine foreign policy, and to believe that all nations, within the limits of their powers, have a duty to help actively to make justice, mercy and freedom prevail, and that the iniquity or the sufferings of other peoples are not merely their own concern but a disgrace to the world. Men must no longer feel only a distant and inert pity if bombs fall on Chungking or Helsinki or Warsaw or Rotterdam or Paris or London or New York, but feel as if they were falling on their own flesh and blood and hear in them a condemnation of themselves and a call to action. When that day dawns, we shall have grown a mind adequate to the conditions of modern civilisation and found an ideal more inspiring and effective than Hitler's; a new age for humanity can begin.

The dawn is not so remote as it might seem. In home politics the new light is visible already. A hundred years ago few people were disturbed by the health, housing and working

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conditions of their poorer neighbours. These were the poor man's misfortune, not the rich man's concern. To-day that is changing and we are developing a sense of human solidarity and of collective responsibility for our fellow citizens. In the social order the parable of the Good Samaritan is ceasing to be literature and coming to life. Why should it not come to life in the international order too?

Practised, this will be a new gospel; preached, it is an old one. Plato saw the vision of a world in which statesmen would "raise the eye of the soul to the universal light which lightens all things and behold Goodness itself; for this is the pattern by which they are to order the State, and the lives of its citizens, and their own lives too".* And when Christ said, "The first of all the commandments is, Thou shalt love the Lord thy God with all thy heart and with all thy soul, and with all thy mind and with all thy strength; and the second is like unto it, Thou shalt love thy neighbour as thyself: there is none other commandment greater than these", he did not exempt politics from their operation, nor confine "neighbour" to our fellow citizens.

* *Republic*, 540.

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I. THE EXHIBITION OF SEA POWER

THE clearness of the main issue of the war has been shown even more strikingly in the period under survey, which might well be described as the exhibition of sea power. It is strange that the continental tradition almost invariably ignores sea power until it is seen in action. Hitler only differs from other adventurers in facing the possibilities with less reserve; and yet it is remarkable that he should have secured a measure of success not granted to earlier challengers. In attempting to destroy British sea power by means of submarines and aircraft, with the assistance of occasional surface raiders, he is merely following the doctrine of the lesser naval Powers; but it is essential for our understanding of the problem that we recognise the reasons as well as the limits of its success in the present case. Hitler clearly saw the necessity of occupying bases in Norway and the Low Countries; but it seems highly improbable that he would have secured his present successes if France had not surrendered. It is the possession of the French Atlantic coast that affords the great German bombers their bases for operations on the Atlantic routes. In fact it is not unreasonable to suggest that, if the land campaigns had gone as they did in the last war, the submarine and bomber would have scored a much slighter success against British and Allied shipping.

This matter is of course vital. Germany has been victorious through her long preparation. The war potential of the Allies is immensely greater, but its mobilisation depends upon two immunities: the immunity of oversea cargoes of machines and munitions of war and the immunity of the factories which produce them in this country. The shipping losses have been causing anxiety for some little time; and we shall be right to

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regard them as serious. It is desirable that we should understand the exact state of the question; and yet it must be admitted that this is a sheer impossibility. What may be said is this: the last three months have cast up some very challenging results. In the first six weeks the figures were distinctly serious, whereas in the second six weeks they were reduced to less than half the earlier average. In short it may be said that if the losses were to remain of the order of the last six weeks we should have very little cause for anxiety. We cannot say we should have *no* cause for anxiety, since every ton of shipping lost restricts the use we make of our now considerable resources. Every ton saved increases to that extent the ability to transfer men or munitions from one area to another where they may be used with decisive effect. Every ton saved brings a little nearer the time when, through the import of machines from the United States, we shall have exceeded the *Luftwaffe* in numbers: we have already achieved a technical and moral ascendancy.

The reasons for the recent decline in shipping losses are various and it is not easy to select the most important. Although it is true that the precautions that best promise safety against submarine attack are logically inimical to those which protect against the aeroplane, it is nevertheless reasonably certain that with a lavish use of smaller naval craft both threats would be met. It seems in fact probable that one considerable element in the decline of sinkings is the use of the destroyers from the United States. These are now beginning to produce their full effect, and on both sides of the Atlantic it is fully realised how great a part the smaller naval craft must play in this problem. The Navy is no doubt experimenting with other expedients that may promise to ensure the safety of convoys, and the Germans will make their maximum attempt to isolate Britain when the weather is more favourable. For all that we are entitled to take a period of six weeks as having some real significance; and, during that period, the losses have fallen back to safety.

It is the unfortunate fact that we cannot place the position

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with regard to these losses in its correct light. No figures are published of the still heavy traffic on the great shipping highways. There is therefore no suggestion of the "control" that would enable analysis to estimate the smallness of the success as measured by the extent of the risk. All that we can do is to compare losses with losses. We know that ships are always passing into and from our ports; but we are not provided with the figures that would show the smallness of the losses as compared with the volume of shipping that escapes damage. The Navy in fact appears to be passive except on those comparatively rare occasions when it is able to give close support to the army operations or still rarer when its direct support involves a real clash with ships of other fleets. For the most part its work is done smoothly and swiftly; and the evident possession of power renders its actual demonstration unnecessary. But its every movement is offensive and, if it were not so, it would, like so much of the Italian Navy, be now providing an iron diet for the fish of the Mediterranean sea-bed. One of the rare chances to see what another Navy can do occurred on November 27. It was a sort of corollary of the brilliant Taranto attack. The part of the Italian fleet which escaped was reinflating its spirit and demonstrating to the world how little it cared for the British ships when some of them disturbed the idyllic scene. The encounter took place west of Sardinia, when reconnaissance aeroplanes reported that two Italian battleships and a large number of cruisers and destroyers were steaming some 70 miles away. The first clash occurred between the opposing cruisers, and the British ships had to turn aside when the battleships appeared; but these themselves turned away in a few minutes and, though *Renown* did her best to bring them to action, they managed to make port. Fleet Air Arm aircraft attacked during the pursuit and secured a hit with a torpedo on a battleship of the *Littorio* class and also damaged a cruiser. As the naval action set a cruiser on fire and damaged two destroyers, the balance-sheet of the short encounter was encouraging. It provided a further assurance that the Italian ships would refrain from interference in the Mediterranean.

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There was a slight brush between light forces and German destroyers in the English Channel which was not, however, of any significance. In the Atlantic *Carnarvon Castle* was in action with a raider but failed to prevent its escape; and, towards the end of January, a dramatic appearance in American waters was made by H.M.S. *King George V*. This unobtrusive suggestion that the latest capital ships in the pre-war programme are beginning to be available sent strong ripples across the oceans of the world. It was not in ships of the line we were deficient; but, even if that fact were known, it was good to have this demonstration.

The most interesting incident in which the Navy was involved was the sudden appearance of German dive-bombers in the Sicilian Channel and the attempt to close this Mediterranean bottle-neck. At its narrowest the Sicilian Channel is only 80 miles across, and after France had surrendered it should have been fatally easy for Italy, if her fleet or her air force meant anything, to have closed the bottle-neck completely. How ineffective both had been can be gathered from the fact that on January 10 a valuable convoy for Greece was making its way unconcernedly through the channel when the Germans delivered their first very determined dive-bomber attack. The aircraft carrier *Illustrious* was present and, theoretically, it should have suffered most in this wholly unexpected attack; but it was the cruiser *Southampton* that had to be abandoned as a result of the action, and the convoy safely made its way to its destination. Twelve aircraft were shot down and between 30 and 40 were later destroyed by the Royal Air Force raid on the aeroplane base at Catania. This incident appears to require setting in its correct perspective. It is not a question of balancing 12 or 52 dive-bombers against a cruiser. Such an exchange would speedily set limits to British sea power. It is the difficulty of providing really expert pilots for the aeroplanes and, even with that provision, defying fighters and concentrated gunfire. When only one large ship has been sunk by aeroplanes in seventeen months the real ineffectiveness of this form of attack can be appreciated. Operating in narrow

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waters where the opposing fighters cannot be engaged, a surprise attack may achieve, as this did, an extraordinary success. But this particular type of machine requires exceptional pilots; and actual experience has proved that it is a particularly vulnerable target. The narrow range of its usefulness may be gauged from the lack of interference in the later stages of General Wavell's campaign.

So far it is sea power functioning as a background and basis of continuing struggle that has been described; and it is in this direction that it most readily shows its limits under the most active and resolute challenge. Its function, like that of the battle co-operation between the ground forces and the Royal Air Force, has two further facets: it can operate in direct support of ground action by isolating the battle-field, and in close support by acting as a mobile artillery on a sea flank of the advance. In the first respect it forms the basic condition of the two campaigns in the Near East, the two campaigns which have seized and maintained the Allied initiative.

II. THE GREEK CAMPAIGN

THE Greek campaign could not have been fought under the actual conditions of its development if British sea power had not been functioning effectively in the Mediterranean. Indeed there would have been no necessity for it in that case. The Italian challenge to the British Empire had, when actually precipitated, proved a much more formidable undertaking than Mussolini and his generals had expected; and its difficulty came from the operation of our sea power. Originally the attack upon the Suez Canal had been conceived as a decisive blow from Libya with a series of diversions from Italian East Africa. It is not yet possible to say whether the Duke of Aosta had ever intended to advance upon Khartum, though he had seized Kassala in view of that eventually. But it appears to be certain that Marshal Graziani's thrust was held up by the direct threat from the sea on his left flank and the interference with his supplies, which of course could only

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come by sea. It was this presumably that led to the Grecian adventure, which was expected to yield Aegean bases and link up and render operative the Dodecanese bases. This would provide either a better *point d'appui* for an attack upon the squadron at Alexandria or alternatively a spring-board into Syria and a direct attack upon the northern flank of the Suez Canal defences.

The Greek campaign was left in an interesting position in the last number. It seems now clear that the main Italian strategy consisted in opening the gate of Thessaly by means of the capture of Metsovo, and, when the command was changed, General Soddu found himself unable to get his columns through in face of the skilful Greek resistance. But with this failure, the sole breath of inspiration abandoned the Italian direction; and the Greek command began to push their advantage. Having broken the thrust through the Pindus they began to advance; and on November 18 they captured Ersek and thus cut the main lateral communications. On the west the Italians were still opposing the most stubborn resistance to the Greek attempts to clear the Epirus region. At Kalpaki they held off the impetuous attack until at length the tension became too great. Meanwhile, on the Florina sector, the Greeks had been across the Albanian frontier from the early days of the campaign, and they had been encroaching upon the position of Koritsa, which was one of the two advance bases. The capture of Ersek gave them a new line of approach; and, day by day, they developed it while they were clearing the Morava Planina. The Italians had two divisions in this area, and in such difficult country they made the most of the opportunities of defence. But on the 21st the Greeks crossed the watershed of the Morava massif and advanced rapidly westward. The next day they were in Koritsa and one stage of the campaign was complete.

In just over three weeks the Greek Army had broken up the attacking Italians, including some first-rate troops, and had seized their main advance base. It was a clear-cut victory, though the Italians only left about 1,500 men behind. They

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did, however, abandon much material and this became of great service to the Greek command. At this moment it must be noted that the Greeks controlled only half of the lateral road which was so important to either side. But the tide had now definitely turned; and, two days later, the Greeks were in Muskopolje and were pressing on to Pogradets. It is due to the Greeks to point out that the Italians were nowhere significantly inferior in numbers and that they fought with the greatest stubbornness. Koritsa had been under artillery fire and partly enveloped for eleven days; and Pogradets held out under immediate pressure for a week. On the other flank the Greeks had been impatiently attempting to eject the enemy from the national soil, and a few days after the occupation of Koritsa they even landed a small detachment behind the Italian lines in the coastal sector. It did not fare very well, but it played its part in supplying information and creating nervousness behind the Italian front. The pressure from Ersek compelled the evacuation of Fresheri, and on the last day of the month Pogradets fell. Only 200 prisoners were taken and even the heavy guns in the hills had been removed. The Italians yielded reluctantly and their retreat could not, for that reason, be written off as lacking significance.

The whole of this campaign appears to be seen through the distant lens of a telescope. Day by day small steps were taken in advance after the fiercest resistance. Then, after some thousands of such steps, there would be a prolonged pause and one of the few towns or villages in this tangle of broken country would fall, to give a name to the result of a prolonged battle. The Greek command endeavoured on every occasion to secure their successes cheaply and by skill rather than by hand-to-hand attack, to which primitive plane the fighting frequently tended to drift back. But some idea of the scale of the struggle may be gathered from the fact that Permeti, a small town about fifteen miles north-east of Argyrokastro and two-thirds of the distance to Klisura, about eleven and a half miles to the north-west, fell on December 3; but Klisura held up the advance for another month. Argyrokastro was now

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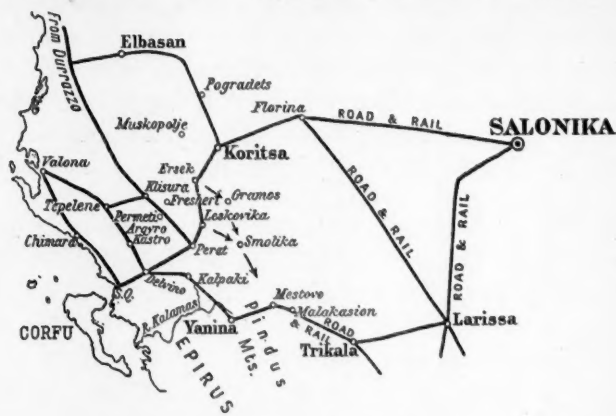
immediately threatened. It was indeed abandoned on the day following the fall of Permeti; but, before it was taken, Santi Quaranta, at the western end of the lateral road, had to be taken. Santi Quaranta was also the origin of the road that runs through Delvino to Kalpaki. The first port of Albania across the frontier, it fell on December 6, to be followed on the next day by Delvino and on the 8th by Argyrokastro. Thus the Greek advance had lifted the whole of the front out of Greece into Albania and in so doing it had secured the lateral road that was so necessary to military operations. Argyrokastro was the southern of the two advance bases; and with its capture the Italian reverse was complete.

The Greek success had been made possible through the immediate and close co-operation of the Royal Air Force and the Fleet. From the first days of the campaign the Royal Air Force had been co-operating steadily in direct and close support of the operations. Night by night the two main ports of Albania were heavily bombarded. Durazzo was almost completely gutted on one occasion and Valona suffered repeatedly. It was not necessary for the British Navy to pour a hundred tons of shells on the same port to prove that the control of the seas was conditioning the fighting in Greece; and, indeed, one of the first results of the Italian attack was the extension of British sea power westward. Britain could not occupy bases in Greece while that country was neutral; but with its change of status to belligerency the way at once became open to the sea bases. Thus it was Italy who gave Britain the sea and air bases for use against her and her ally. When the Royal Air Force, Middle East Command, began to assist Greece, it had to be supplied with the ordinary complement of ground staff, and as a consequence it looked very much as if the British Army was appearing in Greece. Crete was also occupied as a naval base, and the British Fleet had never in the war found it so easy to strike in the west and hold the middle Mediterranean.

Argyrokastro had fallen on December 8 and the pressure on the front never slackened, but it was over a fortnight before

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the next significant success was achieved. Chimara is a small port some distance north of Santi Quaranta. It was a necessary stage on the way to Valona, which was the natural objective in this sector of the front since its loss would gravely weaken the Italian supply system. Chimara lay on the coast road some twenty-two miles from Argyrokastro; and after persistent



pressure for nearly three weeks it fell on December 23. Argyrokastro forms the apex of a sort of triangle made by the three towns Chimara, Argyrokastro and Permeti; and, some twelve miles up the road on which the last-mentioned lies, Klisura had been the objective of the most skilful and tirelessly persistent approach. But the village still continued to hold out; and it was not until January 10, three weeks after it had appeared to be untenable, that the village was occupied. Indeed, more than three weeks before, it had been stated that both it and even Tepelene had been abandoned. Throughout the middle of December, despite the change of weather that turned streams into raging torrents, the Greeks had pressed their attempt to encircle it from the north-east. But, from the lie of the country, the massif lying north of the village had first to be taken.

When Klisura fell the predictions about the fall of Tepelene resembled those which had been made about Pogradets after

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the capture of Koritsa and about Klisura after Permeti had fallen. It lay only nine miles west of Klisura and the massif lying to the north-east of that village seemed to command the whole of Tepelene. Yet the village continued to hold out. Later on, when General Soddu followed General Parska into oblivion and the new chief of staff, General Cavallero, took charge of the operations in Albania, a series of heavy counter-attacks was delivered over the whole front. In the beginning of February reinforcements were being sent across the forty-mile stretch of the Straits of Otranto; but they had little effect, except to produce further losses. The fighting had not yet drifted into the sort of country in which the Italian superiority in armoured vehicles could appear.

But the reinforcement, which always seemed feasible over such a short distance, could hardly be allowed to go unchallenged. By the heavy raid on Valona it was hoped to compel the Italians to use the more distant base of Durazzo; and no doubt for heavy equipment that object was achieved. The Greek and British navies also at times interrupted the traffic in the Adriatic. On Christmas Eve the submarine *Papanikolis* was successful in sinking three troopships in that area. But the traffic could not be entirely interrupted. The Greeks continued to compel the retreat of the Italians in Albania. They had engaged over fourteen divisions before the end of the year and they had done more to weaken the prestige of Italy than can well be imagined.

III. THE LIBYAN CAMPAIGN

BUT some time before this another campaign had reduced it to vain bluster. When Italy entered the war she had considerable forces in Italian East Africa and Libya. Italian spokesmen had declared that their objective was to strike at a "nerve centre of the British Empire"; and the identity of this nerve centre was never concealed: it was the Suez Canal. It has already been seen that Marshal Graziani had advanced to Sidi Barrani, in Egyptian territory, in the second week of

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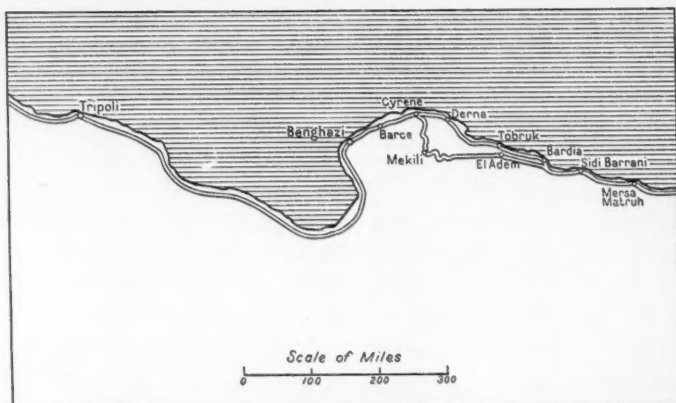
September, in pursuance of the plan to strike in the Near East at the same time that Germany struck in the West; but the position there was allowed to become static like that of Kassala. During the remaining part of September and the whole of October and November it seemed certain that Graziani would resume his advance. The disadvantages of his position have been sufficiently set out; but it must seem on reflection that they were incidental to the strategy and, as this was assumed, it was folly not to take the plunge. He was separated from the railhead at Mersa Matruh by a distance of seventy-five miles and he had command of the coastal road for his advance. It offered one flank to interruption from the sea; but that was inevitable on the strategy adopted by the Italian Navy. In accordance, presumably, with the German strategy the Italian ships were to engage in no major action but by remaining in being detain the British squadrons in the Mediterranean. Only by taking risks, precluded by this strategy, could the Italian fleet cover Graziani's left flank. In the event its policy of keeping port proved its undoing, as we have seen. But it is important to note that the blow at Taranto and the attack west of Sardinia were subsequent to the stand at Sidi Barrani. There in fact the Italian commander had halted and dug himself in.

During these months the Italian chance was slipping steadily away. General Wavell, the commander-in-chief Middle East, was in a state of pronounced numerical and material inferiority; but a vigorous War Cabinet was endeavouring, even at the price of taking risks while the Germans were attempting to smash our air defence, to reinforce him by sending troops, munitions and even aeroplanes. Fortunately there was already an armoured division at his disposal. When the Secretary of State for War visited him in October he was sufficiently strong to be ready to strike at the Italians. But at this moment the call from Greece intervened and aeroplanes had to be sent to that country. So it came about that he was unable to launch his blow until December 7. He was, as we have seen, seventy-five miles away, and from the conditions it seemed almost

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impossible to secure the advantage of surprise; but when two days later his forces achieved contact with the Italians near Sidi Barrani, they had already secured that first success.

About Sidi Barrani Marshal Graziani had constructed a strong position, consisting of a series of perimeter camps.



Some miles to the east was the camp of Maktila, garrisoned by the 1st Libyan division. The 2nd division lay to the south in the Tummar group of fortified positions, consisting of Tummar west, Tummar east and Habsa. Nibeiwa, another big camp built about a well, lay farther south and it was held by the Maletti mechanised column. Ten miles to the south-west, lying like a withdrawn flank, was the stronger position of Sofafi which was held by the 63rd Regular division. General Wavell's plan was to capture the Nibeiwa camp and push through between it and the positions to the north which were being held under a simultaneous attack and heavily bombarded from the sea. At dawn a group of tanks attacked the Nibeiwa camp from the rear or western side, closely followed by an Indian brigade, and within two hours the position was taken. The tank detachment then re-formed and, assisted by a fresh Indian brigade of the Indian division consisting of British troops, attacked the Tummar group also from the west. There the attackers met a stout defence, but both the Tummar camps

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were in British hands that evening and the armoured unit was speeding to the coast, which it reached between Sidi Barrani and Buq Buq. The Habsa position was left to surrender later; and, when the British battalions who had taken the Tummar positions moved to the assault of Sidi Barrani, they found themselves faced with so stiff a resistance that they had to call for the assistance of the tanks. By Wednesday evening the resistance was practically broken, but the village was not wholly in our hands until the next day. Meanwhile the position at Sofafi, which was so formidable that it had not been directly attacked, was, as General Wavell had expected and hoped, evacuated, and the Australian dive-bombers broke up the attempt to take the imperial column in flank. In four days this strongly garrisoned group of positions had been reduced and 38,114 officers and men (including 24,845 Italians) were in our hands with three generals. There was also a considerable amount of material. This brilliant victory had been achieved by the skilful, direct and close support of the Royal Air Force and the Navy. The plan had been prepared with the greatest care, and it was only afterwards it became known that General Wavell had been prepared to break off the action if it had not proved successful in five days, since that was all the allowance of water the troops could carry. The readiness to take that risk after everything that could be foreseen had been allowed for was perhaps the note that made the strongest claim for Wavell's generalship.

He at once gave evidence of another. He followed up his victory without a moment's hesitation. Sollum put up a stout resistance, but on the 16th it and Fort Capuzzo were captured and the three small frontier forts, Musaid, Sidi Omar and Schefferzen, fell. Already the armoured division had been sent ahead to Bardia, the Italian port across the frontier. On the 15th there was even fighting in that neighbourhood, and a few days later patrols entered the fortified perimeter. They were to repeat the experiment many times before the assault was made upon it. General Wavell once more prepared a skilful plan and made every preparation. Aeroplanes took repeated

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photographs of the defences, and the gun positions were all carefully marked. There was no chance of strategic surprise. The port was cut off from the west and the troops were in contact. On January 3, however, complete tactical surprise was secured by the Australians, who had entered the later

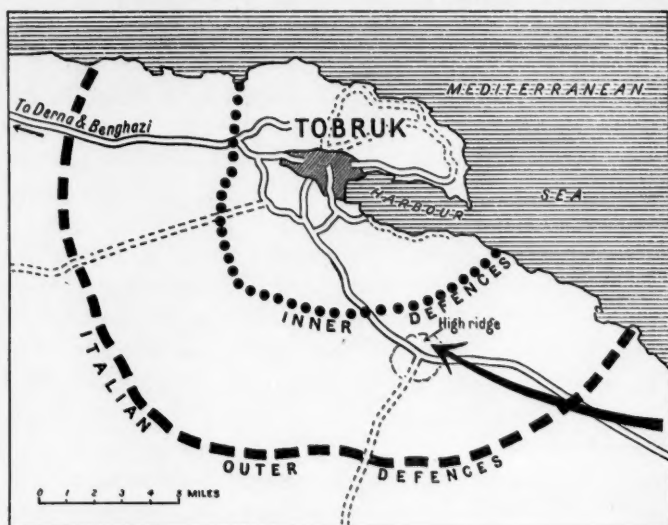


stages of the battle of Sidi Barrani, attacking from the west. The more obvious directions of attack were from the north or the south and the defences had been planned to face outwards. The Australians actually carried out a holding action on the south-east assisted by a British battalion. Meanwhile pioneers had bridged the trenches in the west, and the tanks crossed, closely followed by the Australians. By attacking on this sector a very short advance would carry the troops to the head of the inlet and cut the defence position in two.

The Australians were quickly masters of the position. They had advanced rapidly through the outer and inner defences and were able to take them in reverse. They turned south, and Major-General Ian Mackay had the satisfaction of seeing his men after a short space of peril in smooth waters. In thirty-six hours they had penetrated to the town and at dusk it would have been possible to reduce all resistance at once. But it seemed wiser to wait until the next day; and hence, at 1.30 on the following day, the whole position was in our hands.

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The armoured unit was already miles away cutting the road west of Tobruk. Bardia yielded some 35,000 prisoners—again at the price of an extraordinarily small number of casualties. In these two actions nearly 75,000 prisoners had been taken for only about 1,400 casualties. Bardia gave us possession



of a port which greatly facilitated the supply of the troops. Indeed it is difficult to imagine how the advance could have been continued without such assistance. The tanks alone consumed immense quantities of petrol; and vast amounts of stores of all sorts were needed to keep the machine in motion.

Tobruk was the next objective and it lay some seventy miles west of Bardia. Three days after the fall of Bardia British mechanised forces were west of Tobruk and at El Adem, the airfield of the port lying fifteen miles to the south. Tobruk was the main naval base. It was defended by a double cincture of works, the outer one being about twenty-five miles. Once again the position was most carefully examined and, although, once again, strategical surprise was impossible, Wavell determined to secure tactical surprise. On this occasion the main

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attack was delivered from the east while Free French forces and armoured detachments delivered a strong holding attack on the western face of the outer defences and a general assault was launched over the whole perimeter. The heaviest concentration of Italian guns had been placed on a ridge which carried the main road from Bardia where it is met by the track from El Adem. This position between the harbour and the outer defences of the eastern sector lies a few miles from the town. At zero hour the Australian sappers ran ahead and cut the wire and the tanks passed through. Australians had again the pride of place and they were followed by English yeomanry. In a few hours both lines of defence were pierced. As at Bardia the troops spread fanwise on each side of the gap while one column went straight ahead, covered by a scientific barrage. The Italians fought well. Indeed they fought at some points too well, since they caught some of their own troops in their barrage.

The first objectives were captured under the scheduled time and the troops went on to reduce the two strong works that stood slightly south-west of the town. Under the careful spotting of the Lysander aeroplanes the works were heavily shelled, and in the afternoon the forts, Solaro and Airente, were occupied. By the evening the resistance in the east and south had been crushed and the defence had fallen back to the northern sector; but by the evening of the second day all was over and the naval base was ours. Once more the casualties were extremely light, and, though the number of prisoners was not so large, the total was by this time growing on towards the hundred thousand mark. The British troops in the six weeks campaign had now encountered some eleven divisions of the fifteen that made up Marshal Graziani's army. Larger vistas began to open before the imagination of the commander. It is probably true to say that he had never attacked with the number which he had now captured; and it was obvious that he had now destroyed any threat to Egypt that had ever existed.

But the main objective which every general has in view is not places or the removal of threats except that last threat that

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comes from the existence of organised forces of the enemy in the field. The army of Marshal Graziani was Wavell's objective, and he now knew that he must have destroyed half of it and that only about one-third of the organised units remained in the field. The troops were accordingly sent ahead towards the next centre where the enemy might put up a resistance. It is the paradox of the situation that now the Italians appeared to be fighting more resolutely, fighting on when all they could hope was to save some remnant from capture and some small strip of Cyrenaica from occupation. Before Tobruk had fallen the British armoured column was forty miles to the west and, only eight days later, Derna surrendered. The Italians had fled to the west. The advance continued, and on February 3 Cyrene, forty-five miles beyond Derna, the town which gives its name to the province, was captured.

Already, however, General Wavell had prepared his next stroke. At Derna there begins a poor road running southwest to Mekili and thence to Benghazi. While everyone was wondering about the chances of the Italians making a stand at Barce it became known that the object of the secret approach had been accomplished. On the coast road the Australians made their way with no loss of time, brushing aside all resistance; but the armoured column travelling via Mekili covered 150 miles in thirty hours and suddenly appeared south of Benghazi. It was a master stroke. On February 6 the place was in our hands. The Italians had been on the point of evacuating it; but the armoured column took them completely by surprise. They attempted to break through the cordon that hemmed them in. They were in a considerable numerical superiority and their tanks made a desperate attempt to break through. It was all in vain. Numbers of the tanks were destroyed and the toll of prisoners was swelled still further.

With this success the province of Cyrenaica fell into British hands. But the victory was even more significant than that. The bulk of the Cyrenaican army, with all the stores and equipment that had been accumulated, was also captured. West of the province the desert comes down to the sea, and the latest

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victory had assured to the Army of the Nile a useful and pleasant base while at the same time placing upon any Italian army which wished to challenge its title the burden of first undertaking a 300-mile approach march across the desert by its one road with an open flank on the sea. Under such circumstances it would be possible to hold the province with a small force and withdraw several units to general reserve. Such a prospect could not fail to raise hope in all British minds and affect the position in the Near East.

If this leans a little upon speculation, at least a number of facts had emerged that could not be challenged. In almost exactly two months the Army of the Nile had crossed some 400 miles of country, as the crow flies, and about 500 miles by road. They had during this period fought four considerable battles. They had pressed on in spite of sandstorms and the rain that was even less pleasant, in spite of the bitter wind and the cold, with barely enough water and food. There is only one thing that can drive soldiers to submit to such discomforts and it is the rare gift of command. General Wavell had contrived always to secure the advantage of surprise and his speed of movement astonished everyone. He had won, moreover, by means of a co-operation of the three arms which must be accounted unique. He had apparently based his plans upon the most careful and elaborate training and a meticulous attention to his original plan. Having done that, he was quite prepared to attack, as at Sidi Barrani, under the risk that his action might be turned into a mere raid through a little too prolonged resistance. These are the marks of generalship and they are the best assurance for the future. Victories may always be produced by a considerable infusion of luck; these qualities of the officers and soldiers of the Army of the Nile promise to snatch victory from the jaws of defeat.

They had, moreover, accomplished this very thing in the long exchange on the Sudan frontier. In the Northern Frontier Province of Kenya the effects of the great inferiority in numbers had to be borne with; and the same was true of British Somaliland. But in the Sudan, where the menace of an Italian advance

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was so much more vital, General Wavell with the smallest resources at his disposal had somehow to discourage the Italian threat from Kassala. Gallabat, on the south, was a much smaller place and the tiny fort frequently could not be held; but it was the skilful minor warfare that went on there month after month that, more than anything else, dissuaded the Duke of Aosta from implementing his threat at Kassala. Reinforcements gave General Wavell his chance to do in the Sudan what he was doing so admirably in Libya; and, in January, General Platt was lent the Indian division which had done such good work at Sidi Barrani. By this time the village of Gallabat had already changed hands several times. Lying opposite Metemma, at a distance of about five miles, it was commanded from the Italian positions and could only be held on sufferance. But Metemma was tenanted on the same terms; and, although the Italians apparently never used more than eight battalions there, the fighting continued steadily until, on January 31, we entered Metemma.

But Kassala, taken by two Italian divisions in the first instance and turned into a strong fortified zone with the same sort of illogic that created the Sidi Barrani position, had been reoccupied eleven days before. The position at Gallabat had to be held as long as possible to cover the flank of the withdrawal farther north. But now events began to develop rapidly. Eritrea, the colony which has supplied Italy with the best of its native troops, plays an important rôle in the military economy of that country. By this time British officers were inside Abyssinia training and organising the resistance. Gubba in the loop of the Blue Nile, in the frontier province of Jojjum, had been evacuated by the Italians under pressure. By day the Royal Air Force made it untenable, and the troops dared not move about at night except in considerable numbers because of the guerrilla bands. The leaven of rebellion had begun to work. The Emperor had appeared in Khartum and later moved within his own country. The Italians were then faced with a grave position. If Abyssinia could not be relied upon, it appeared natural to fall back upon Eritrea which offered a

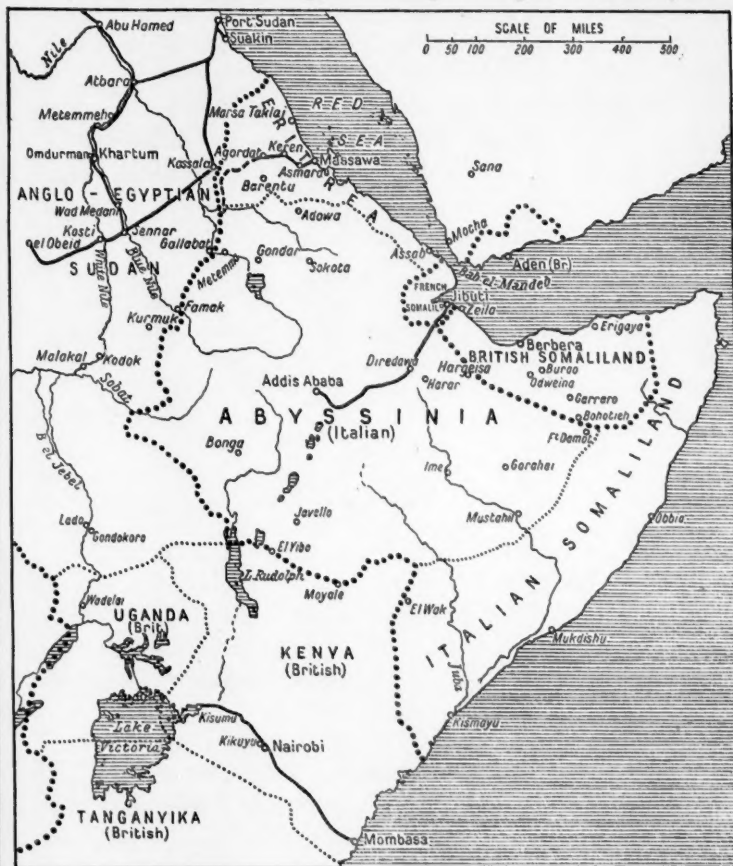
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sort of asylum and, on paper at least, seemed defensible. This prospect was made illusory by the rapid exploitation of the advance from Kassala. When the British compelled the Italians to evacuate Kassala they recovered the use of the strategic railway on which it stands; and, with this advantage in communications, they were able to follow fast upon the heels of the Italians. In a fortnight they had captured Agordat, the actual though not the formal railhead of the line which forms the backbone of the colony.

At the same time the road which joined Barentu to Agordat was cut and the former was almost surrounded. The garrison escaped; but it had been prevented from following the same line of retreat as the troops from Agordat and had to fall back towards Abyssinia by a poor track. Meanwhile the Agordat garrison had been promptly followed up and, on the same day that it fell, the British troops were in contact with the Italians a few miles from Keren. The country here is hilly and the railway with the adjoining road are the only practicable ways of advance from the west, so that a small force should be able to hold up a much larger one almost indefinitely. It is the realisation of the potential strength of the position that has led General Platt to set another column in motion against it from the north-east, from Marsa Taklai, on the Red Sea coast. Mechanised units cannot be used in the eastward advance, and it is difficult to believe that the British are numerically superior. Their advance, therefore, is almost as remarkable as the long-drawn-out period of parry and thrust which kept the Italians in a state of constant nervous apprehension. The latter's position is now becoming critical. At the moment, it is true, they are holding at Keren, which lies at the end of a narrow defile and is about 3,700 feet above sea-level; and beyond Keren, whence the road and railway bend south-east towards Asmara fifty miles away, there are many opportunities for resolute fighting. But on one flank the new British column is descending, and on the other lies Abyssinia. The troops from Barentu are still falling back in that direction; and the danger signal has sounded in other directions. Across the frontier of

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Italian Somaliland, the third colony which completes Italian East Africa, the imperial patrols have penetrated already about fifty miles and have occupied the important port of Kismayu.



The frontier of the Northern Frontier Province of Kenya intrudes a right angle into Italian East Africa, and on the Abyssinian borders the patrols are also active. Buna was evacuated some time ago. It is not clear whether there are still any Italians in the province; but it would seem to be mere prudence to fall back and concentrate against a threat of

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converging operations which are only just beginning. The fundamental weakness of the whole of this great colony is the eastern flank, which is washed by the waters of the Red Sea and the Indian Ocean.

It can be appreciated now that General Wavell has many titles to respect as a soldier. It is only during the last three months that he has been able to take the offensive; but, when conditions condemned him to act upon the defensive, he demonstrated to the world how well he realised the dynamic character that condition might contain. It is not at all certain that the skilful minor warfare he carried on during the period of his complete inferiority will not form the study of the military student rather than the more spectacular and strategically more important Libyan campaign. This it will be said put an end to the threat of attack by the Italians: the other may have prevented it ever maturing.

IV. THE AIR WARFARE

THE air warfare still remains to be dealt with. It is by means of the air attack that the Germans hope to enforce their counter-blockade. It is by its means they hope to bring Britain to her knees. As to the first objective something has already been said. The attack upon sea power by means of various sorts of sea craft and the aeroplane is certain to continue; and it is the paradox of the situation that while its effects are serious the reply is theoretically comparatively simple. Ships, destroyers and long-range fighters, these are the factors involved; and it is, therefore, clear that the solution simply means organisation and material.

It is otherwise with the air attack upon land territory. The naval man has some justification for holding that the air attack represents a threat to his safety and some possible loss but is not a grave factor in itself. The air attack can be a deadly offensive instrument upon land. The raid upon Coventry occurred on November 15 and since that date there have been

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numbers of heavy night raids upon centres of industry. Yet, in spite of the terrible nature of the scars they leave and the destruction of the lovely things which our fathers built and preserved, it seems to be no more than the bare truth that these raids do little damage to our industrial output. It is less easy to explain than to observe this. After a careful examination it seems to be established that the direct injury to our war industry is much slighter than the indirect.

Whether or not the German bombers operate entirely haphazard is not clear; but that the effect is indiscriminate there can be little doubt. Nobody walking about the English countryside and through its towns can fail to note the numerous instances of the escape of objectives for the liability to bombing of which a good case could be made, and the destruction of numbers of objectives which under no conceivable definition can be regarded as military objectives, unless of course civilian morale is a military objective. Many small houses whose claim to survival could certainly not be based on grace or beauty have perished in most of the towns visited. It may be admitted that such barbarism might possibly affect industrial output indirectly to some slight degree. But into such regions of involved war economy it is difficult to follow the German mind.

Yet, theoretically, the air offensive can be almost a decisive weapon. If it were otherwise, what can be the purpose of so carefully organising the direct and the close support by aeroplanes in military operations? The former concerns the isolation of a battle-field; and clearly this is a skilled piece of work of the greatest importance. The latter affects the morale through dive-bombing or machine-gunning troops. There is a third use which the Germans adapted to their needs in the western offensive—the liaison between the ground forces and their headquarters. This, again, is a skilled operation and its value is such that without it the perfect functioning of an armoured column would be impossible. But, although each of these uses implies skill, the first involves the highest order of it. It cannot be carried out without perfect or very nearly perfect

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marking. It is very grateful to find that the Army co-operation squadrons of the Royal Air Force are now developing their work in such intimate association with the ground forces. This comparatively recent development has been carried out without sacrificing any jot of the independence of the Royal Air Force.

But it is skill that differentiates the practice of the *Luftwaffe* from that of the Royal Air Force. The former, by a strange development of a national characteristic, have tended to mass production. The Royal Air Force, on the other hand, insist on putting their pilots through a long and careful training, and this is the complement of that care they lavish upon every part of the aeroplane. The results reflect the methods. The German aeroplanes are compelled as a rule to fly so high that it would be wonderful if they hit any specific target. It would be almost miraculous if they did so when, in addition to being compelled to fly so high, they are also forced to change course and plane so frequently by the barrage. Add to this the fact that they are not so well trained or so well briefed and it is clear why they do not hit their targets. They attack presumably upon the principle that if they drop a sufficient number of bombs upon an industrial area they will secure hits upon a number of war factories. The hope seems to lack justification in the facts.

The power of the night bomber remains, nevertheless, a serious problem. The Germans have not yet done their worst; and yet they have spread destruction over many areas and they affect at least civilian health. The problem is being dealt with; but it would be sanguine to expect any complete reply to it. The night fighter is securing some success, and there are technical methods of approach that look hopeful. But it does not seem very likely that, in the immediate future, anything more can be hoped than to limit the freedom of the night raider somewhat.

Meanwhile, we are profiting by the immunities of the situation to deal out destruction nightly on specially selected targets. The continued raids upon German centres of war

THE PROBLEM OF INVASION

production are a nightly discipline in skilful marking which is bearing immediate fruit in the brake it applies to the mobilisation of the German war potential and should be of immense value when it is necessary to apply the bomber to the strategic interference in battle.

V. THE PROBLEM OF INVASION

THE steady development of the Royal Air Force in every direction bears directly upon the problem of invasion. The campaigns in the Near East have undoubtedly disturbed the German plans, and with the increasing eclipse of Italy the German Staff must face the question of how it intends to round off the war. It seems certain that it now realises where the decision alone can be obtained; and with that realisation the threat of invasion takes a clearer shape upon the horizon. The two alternatives before the German Staff are the possibility of so blockading Britain that either it must starve or starve its operations outside the borders of Britain, or the complete defeat of the British Army on British soil. The former has been considered; and, since the reply to it is so simple in principle, being a matter of organising the building of the requisite long-range fighting planes, destroyers and ships, it can hardly be taken as a decisive weapon, though it may cause suffering. We may have to choose between more severely rationing our diet or our overseas operations. The question of invasion is quite another matter. The complete defeat of Britain upon British soil offers the most direct means of securing a decision in any appreciable time. It is for this reason that the development of the Royal Air Force is so important. No invasion could have a chance of success while the Royal Air Force remains in being. No invasion appears to have any chance of success while the Navy remains supreme. The various air offensives have been aimed at both of these factors; but, so far from either being eliminated, they are in fact both stronger than ever.

The prospect of surprise landings from the sea appears to be peculiarly unattractive. The possibility of surprise landings

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from the air must be approached differently. A few parachutists or a certain number of air-borne troops might be landed under cover of darkness in areas where they might cause damage and create panic. But it is very difficult to conceive of the landing of any sufficient body of troops to cause serious trouble. The numbers which are sometimes suggested would be impossible to conceal either arriving or arrived. The immunity enjoyed by the night bomber comes from his flying so high that direct aiming is almost impossible; but air-borne troops would have to come lower and the big troop-carrying planes would offer a mark which most of the gunners would welcome. Parachutists would offer a less easy target and might be difficult to detect. But the Home Guard is now becoming a well-organised body, keen, well disciplined and carefully trained.

In actual fact it is very difficult to avoid dismissing invasion as a gamble. While it is simple to recognise the compulsion to make an end under which the German Staff labours, simple also to follow its own argument as to the area in which alone the decision may be gained, it is most difficult to imagine the complex of circumstances under which a sufficiently numerous body of Germans, sufficiently equipped to meet the British troops who are preparing their welcome, can be landed. There can be no doubt that, if Germany intends to make the attempt, she will arrange all her plans and rehearse every movement with characteristic attention to detail. That is scarcely the British forte; and yet the Wavell campaign is very suggestive. It seems scarcely likely that there will be any slackness in keeping watch on the gates by which the enemy might enter, and we have every reason now to know that we have soldiers who can plan to meet any problem however intricate and indeterminate it may be. That is our surest safeguard.

VI. DIVERSIONS

THE movements and rumours of movements at the moment of writing (February 17) require interpretation. They concern threats of disturbances in the Near East and the

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Far East; and, at first sight so threatening, they appear on examination to suggest reassurance and encouragement. If the enemy were entirely satisfied that he could defeat Britain, there is no reasonable explanation of his continued attempts to cajole or coerce other nations into taking part in the war. These might suggest doubts of his numerical, material or strategic capacity to secure a decision in the existing circumstances; they cannot be explained by his complete self-confidence.

The rumours concern two widely separated areas; and yet both play a similar rôle in the German strategy. If Japan could be persuaded to take some step that would suggest either an attack upon the Dutch East Indies or a threat to some vital interest of the United States, it is hoped that the consequence would be a diversion of the supplies upon which the British position depends. Germany thinks that the mere possibility of having to carry out operations against Japan would at once compel the United States to restrict supplies to a volume that might be disregarded. The possibility is obvious; but the step that might prompt such action is a matter of speculation, and may be left there for the moment.

In the Balkans the situation is very different. The reports of troop concentrations in Rumania cannot be entirely discredited. If there should be only eight or ten divisions there, it would be difficult to explain the concentration except by the preparation of operations in the Balkans. A German attempt to restore the abortive Italian threat to the Suez Canal would almost certainly involve a descent to the Aegean upon the flank and rear of the Greek army. The most obvious route is the Struma valley, which enters Greece by the Rupel pass and opens the way to Salonika. As this valley cuts across Bulgaria, the reports of German movements in that country seem reasonable enough. There are two other main routes into Greece from the north: the Roman *via Egnatia* from Durazzo by the north shore of Lake Okhrida to Monastir, and the valley of the Vardar. Both of these pass through Yugoslavia; and the Berchtesgaden conversations may have had reference to the

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use of these routes or to the descent of the Struma valley, since it would be necessary to have the acquiescence of Yugoslavia as well as the consent of Bulgaria. If, as is quite possible, Turkey were to be made the object of attack, the Maritsa valley, which also cuts through Bulgaria, might be used. There are also three other roads from Bulgaria into Greece to the east of the Struma route.

Which of the routes will be taken depends upon the objective; and the design must be conditioned by (1) the need to injure Britain so directly and intimately that we shall be compelled or expected to divert men and material thither, and (2) the need to escape the disadvantages of being involved in a war on two fronts. Clearly the plan would be to secure bases on the Aegean from which a sea and air attack could be launched against the British fleet; but it might also involve some thrust through Syria. The second condition would be fulfilled if Germany could secure the active co-operation of Bulgaria and the assistance of a restored Italian army.

Further conjecture is idle, but this may be said: whatever may be the German plan, it will have as direct a bearing upon the invasion of Britain as possible. To improve his chances in this adventure Herr Hitler is quite prepared to throw a match into the Balkan powder-magazine and embroil Japan with us and with the United States. It is well to realize the compliment which these plans pay us—that there are many possibilities in the use of the Mediterranean forces that may gravely prejudice the German designs. The naval bombardment of Genoa and the landing of parachutists in Calabria suggest the weight, subtlety and daring of our attack. The effects of the bombardment are known to have been considerable and there are indications that the parachutists created more havoc than has yet been admitted. But these are merely the more spectacular manifestations of a power that is certain to influence the development of the situation in the Near East. Before the next issue appears the curtain will have gone up on some major act in that theatre and Germany will have begun her attempt to liquidate the war.

WAR ECONOMY AND FINANCE

I

SIX grim and eventful months have passed since THE ROUND TABLE last essayed a review of the economic problems and prospects arising out of the war.* Since then, a German attempt to overwhelm Britain from the air has failed. If invasion was intended to follow, it had to be postponed. Greece, wantonly assailed by Italy, has turned the tables on a base and cowardly aggressor. In Africa, British imperial forces, under inspired leadership, have struck blows at Italy's African Empire which threaten to uproot that hollow structure. These heartening deeds have beaten back the foe but they have not overpowered him. The Prime Minister himself has again warned the country not to underrate the stern task that still lies ahead. The struggle for freedom is now well begun but far from being ended. It will yet tax to the utmost the moral and physical resources of the British people.

This applies of course with no less force to the economic effort than to the political and military endeavour which it must support. If anything, it is the former which under modern conditions of warfare is primary; and, if less spectacular, the economic front itself is to-day in the firing line—both by sea and on land. Inevitably, therefore, the successes gained in actual fighting have taken some toll in the economic field as in others. There has been wear and tear; and more no doubt lies ahead. On the other hand, there has been much-needed progress in many directions.

It is unfortunately not possible to present a cross-section through the whole structure. Nor, were that feasible, could the result be divulged. What seems clear, if we turn attention first to the vital factors of production and supply, is that the

* No. 120, September 1940, p. 798.

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most unrelaxing efforts will be needed if we are to cope with the situations which may confront us. The loss of equipment sustained through the French collapse and the consequent withdrawal of our army from the Continent was serious. It was the more serious because pre-war plans for rearmament had in any case not envisaged the necessity for creating and equipping a large army—one comparable to that ultimately put into the field in the last war. Major strategy, for what it was worth, had willed it otherwise. Almost overnight therefore—when disaster befell—plans for industrial production and output had to be entirely recast. The changes involved frequently permeated, from top to bottom, a whole complex process, integrating and interlocking a large number of different industrial works, widely separated and wholly independent of one another. As a first prerequisite, it was essential to reconstruct machinery and build tools which, once in operation, would provide a volume and rate of output far beyond anything originally contemplated. It is hardly an exaggeration to suggest that a completely fresh start would in some cases have proved technically and administratively easier to deal with than the readjustment of existing works to a new and enormously increased capacity. And a lag in one quarter or the deficiency of a single element was bound to create a bottleneck or throw the whole mechanism temporarily out of gear. Tasks of unusual complexity confronted those charged with solving the administrative and technical problems inherent in co-ordinating and adjusting to one another so many independent and wholly variable elements of manufacture.

Well-meant but glib advice was, as usual, readily forthcoming. With much haste and less heed to realities, machine-tools, no less technically than structurally anchored to their existing sites, were to be removed and quickly interchanged. This counsel of confusion was happily disregarded and the inescapable logic of technical mechanics allowed to prevail. Fortunately too, the jejune proposal, freely advocated in some quarters by eager and ambitious social thinkers, innocent of any experience or knowledge of the workshop, that the British

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Government should deal with the matter by "taking control", lock, stock, and barrel, of all British industry, was not seriously considered. No one will deny that in time of war responsibility for production of all the materials and implements essential to the conduct of hostilities—and, equally, of plant and machines required for such production—rests on the shoulders of the highest political authority: it is answerable directly for the results obtained. It must accordingly be armed with the widest powers to discard or replace men and machinery, plans and designs, wherever these prove unequal to their allotted or even self-allotted tasks. Instances have, of course, occurred—no doubt they will recur—where such action was called for; and the necessary steps have mostly been taken, though with some delay. But in fact it will be found that, where in the past the native hue of resolution lost the name of action, considerations of a political or departmental nature were responsible.

In the main, industrial and technical leaders charged with difficult responsibilities have shown a determination to succeed, and displayed an urge to serve and a capacity to overcome obstacles, which no outside authority could have bettered.

For the circumstance that the results so far secured are not enough, that more energy, greater efforts, and improved co-ordination are called for, many different factors are accountable. We entered the war with arrears, due above all to the lacking vision and inadequate sense of reality of our political leaders. Delusions and complacency persisted even after the outbreak, and we failed to make proper use of the initial period of respite during the early months of hostilities—recently described by a distinguished contemporary as the "halcyon period of the war". Folly, as usual, earned its own reward, and this numb spell ended with heavy loss amounting almost to catastrophe—Dunkirk. Within two months there followed the first direct and headlong onslaught against Great Britain by the German Air Force. In its attempt to cripple and reduce Britain it failed utterly, despite its enormous superiority in numbers, but not of course without cost to ourselves. Apart from damage inflicted on plant and premises, which, though serious in places,

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has on the whole been surprisingly small, some disorganisation extending to transport and essential services was inescapable. At the same time, the very precautions aimed at giving protection during air-raids became a menace to the normal routine of industrial production; whereas in fact something much above the normal rhythm was urgently called for. In workshops and offices, many thousand man-hours were lost both in daytime and during the steadily lengthening black-out periods; until, with the consequences becoming daily more apparent, the Government was stirred—none too soon—to take action in a sphere properly its own. Rules which, however well intended, overstressed the principle of “safety first”—recently stigmatised in an eloquent order by the distinguished soldier commanding our forces in the Middle East—were redrafted. A serious decline in essential output which had threatened to ensue was averted. With negligible exceptions, manual and other workers have uncomplainingly accepted the risks involved.

After a disquieting setback due to these and other causes, war production and supply are again taking a decisive step forward. Too late to prevent some isolated misfortunes, the process of dispersing essential plant and stocks has been set in motion wherever possible. It should be materially assisted by the rapid creation of many new workshops, now in progress, though a number have not yet reached the stage of actual manufacture. Bottle-necks which, for obvious reasons, recur from time to time, are being eliminated by dint of strenuous efforts. And the flow of raw materials is probably as regular as can be expected under prevailing circumstances.

This recent recovery and the ensuing upswing are encouraging, but results are still insufficient to meet all needs. Greater intensity and greater output are vital to a successful war effort. And the difficulty now confronting productive industry is that of labour and man-power. A shortage of labour—a shortage, that is, based on the only practical criterion of the right man for the right place—is making itself distinctly felt. New plant will be useless unless it can be fitly staffed—technically and

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administratively—and fully manned. Here is a major problem for the Government to tackle with fairness and firmness. It has the powers and should use them without delay.

There is still abundant scope for the transfer of workers of all kinds and both sexes to essential war-work. At present many are otherwise engaged through no fault of their own. They have not been called upon but often rejected when begging to be allotted tasks directly related to the conduct of the war. Where, on the other hand, a tendency to recalcitrance and the pursuit of selfish ends becomes apparent, in any stratum of work or society, it should be sternly dealt with. But wholesale conscription, on the formal ground that the work some people are at present doing is superfluous and irrelevant, would be mischievous and self-defeating. It would moreover be uneconomic and destructive. The production of goods and services is never *a priori* economically harmful. Quite the reverse. It takes all kinds to make up an economy. Harmful consequences ensue, even in war-time, only where the continuance of particular activities withholds land, labour, materials, plant or premises from a better use. Whether this is the case can be determined in any one instance only with reference to the requirements of the Government and the Services, previously laid down. It is for the Government to will the ends and, using the powers conferred on it, to see that it does not lack the means. In this respect errors of the recent past have recoiled on us with mathematical severity. One consequence of the lack of bold vision and courageous action is that we are now compelled to purchase from the United States, with dread haste, a hundred and one articles which, both as regards kind and quantity, elementary foresight would have enabled us to produce ourselves. Valuable time, irreplaceable foreign assets and precious shipping facilities would have been saved. Blindness has here and there been carried to singular extremes. The news given over the wireless a short time ago that an appeal for the voluntary surrender of field-glasses had met with a good though insufficient response in the country should suffuse with shame the cheeks of someone in some department—who can

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hardly rejoice in the reflection that since the last war he or his committee has forgotten everything and learnt nothing.

Germany, it must be remembered—if only to stimulate our own war-effort at this critical phase—commands an industrial machine of staggering dimensions. When the fullest allowance is made for the element of friction involved in holding alien peoples under the yoke and yet compelling them to do skilled work for German ends, the addition of industrial France, Holland, Belgium and Poland to a complex consisting already of Germany herself, Austria and Czechoslovakia is a formidable one. True, she lacks to a great extent those raw materials of which we can, both in and outside the Empire, readily command a sufficiency. But the shoe has not pinched so severely yet as to impair her war potential. In the short run, we must arm ourselves, in order to survive, with every ounce of energy that can be translated into output. Pending the arrival of American equipment on the grand scale now belatedly envisaged, Germany's industrial power will outweigh her deficiency in raw materials; though she is unlikely to be able to avail herself of it to an extent equal to its quantitative superiority.

Turning from production to consumption, the results of a comparison can safely be reversed. Foodstuffs, clothing and articles of daily use are in much better supply in the United Kingdom than in Germany—better probably than they have been in Germany at any time since the war began or for some time before it. But though it may seem churlish to cavil at one's own and one's neighbour's good fortune, it is difficult not to look this gift horse in the mouth. There is some reason to suspect the absence of any careful or considered policy. Food rations have in recent months been rather drastically reduced, and may have to be cut further. No great hardship is involved as yet and the people are not grumbling. Those, however, who have had an opportunity of probing a little beneath the surface are complaining that the rate of consumption was not reduced a great deal earlier. On all sides it has been possible for months to hear the view that we were living

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more lavishly than war-time conditions warranted; that a part at any rate of the shipping space should have been made available for the importation of arms and equipment or raw materials for their production; or alternatively that an equivalent amount of space should have been secured for future use by the accumulation of stores through appropriate restriction of consumption. Now the rate of decline has, all at once, become very marked. Rightly or wrongly, one is driven to the conclusion that the political heads had no real policy and no clearly defined programme; that they merely staved off the evil day as long as possible; and that, as transport became more difficult and shipping space more scarce, supplies issuable to the public were reduced—usually with a considerable time-lag rather than in obedience to prudent anticipation. In such circumstances it would clearly be enemy action rather than a considered plan that was dictating the size of the ration or the volume of consumption.

II

COMPARED with the vital factors of production and supply, finance plays a secondary though important rôle in our war economy. For domestic needs, the "means of payment" can always be provided within the economic system to the necessary extent. They can even be created, if the inescapable after-effects are disregarded. There is no hard-and-fast limit to the process, provided the Government remains able to secure the performance of work and the delivery of goods in return for the promises to pay which it issues and offers in exchange. This power in turn depends on its ability to prevent money from suffering too great and rapid a loss of purchasing power, through steeply rising prices.

For the moment the speed with which the weekly rate of government spending has risen affords an encouraging indication that the war effort, measured in terms of money, has at last become a realistic one—one which takes full account of the huge task before us and of the vital issue involved. The rising

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tide of expenditure does not, of course, imply a proportionate increase in essential output. Something must be allowed, when reading the figures, for rising costs and wages, and this factor will call for close attention in the future. It is also evident that some part of this increased expenditure is applied to the repair and replacement of plant, machinery, buildings, communications and vessels which have suffered from enemy action. It is not a measure of net growth in production. At the same time it is inevitable perhaps that the size, as well as at times the urgency, of the needs to be met, results in considerable waste. Political courage, even more than good administration and meticulous finance, will be required to curb and counter loose and excessive spending. And the task will not be rendered easier by the fact that it was the parsimonious treatment of vital needs rather than lavish spending which first evoked criticism, though it was accompanied by flurried wastefulness with regard to individual items. But at any rate the illusions which found expression in a first war budget of £2,500 millions have been discarded. The policy of cheeseparings is dead, alike in respect of domestic war expenditure and foreign purchases.

The figures, indeed, are almost staggering. After a bad beginning in the early part of the war and a disturbing decline last autumn—due, it must be assumed, to the fall in production already noted—government disbursements rose to over £80 millions a week in January. Since then the Chancellor himself has told us that expenditure is running at the rate of £12½ millions a day. Evidently, if this rate of spending is maintained, the budget for the coming year will largely exceed £4,000 millions. In one competent quarter it has been assumed that an estimate of £4,700 millions will be nearer the mark. What the Chancellor's own figure will be when he opens his budget in a month's time, it is impossible to foresee. On the whole it seems improbable—perhaps an error on the side of optimism from the point of view of existing productive resources and of imminent U.S. deliveries—to expect that a rate substantially in excess of £80 millions a week can be kept up over a longer period.

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This view is, of course, only justified if it is safe to discount the likelihood of higher costs in the future covering merely the same volume of goods and services. The Government will endeavour to restrain and retard such a movement. But it is not possible, unfortunately, to foretell with confidence what measure of success is likely to attend its efforts in that direction. There are no signs as yet that it has made up its mind to any other financial policy than that of drift—drift into inflation.

Even if the Government envisages expenditure for 1941-42 at no more than £4,000 millions, it will be faced with a deficit never equalled in our financial annals. Revenue from taxation is unlikely to produce half the sum required. To secure any substantial increase over the £1,500 millions which, it is hoped, will be collected by the close of the current fiscal year, the Government will have to break new ground. It will have to embark on a much more courageous and far-sighted policy—whether with regard to taxation or savings or both—than that hitherto pursued.

Present methods will avail little. The Treasury has been treading well-worn paths till, outworn, they can hardly carry a heavier load. Income-tax and surtax may be stiffened, but will make up only an insignificant fraction of the deficit. There are still only twenty shillings in the pound. The fact is overlooked at times that it was possible to raise income-tax from 1*s.* 2*d.* to 6*s.* during the last war, whereas a standard rate of 5*s.* 6*d.* was in force in September, 1939—to say nothing of surtax. Customs and Excise will contribute their quota without noticeable change. The largest imports are now for account of the Government. Other consumption is declining and may—for reasons unconnected with prices, income and outlay—decline further.

Where, on the other hand, some attempt at innovation has been essayed, the core of the problem has hardly been touched. The Purchase Tax cannot in its present form aspire to any big rôle in our fiscal machinery, though it will of course yield more in a full year than during the limited period for which

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it has been in force. Greater severity on the income-tax payer will, moreover, react adversely upon it; and the supply of those articles which are affected by it is almost sure to be cut down by war-time exigencies. The Excess Profits Tax—surely one of the most slipshod and demagogic pieces of draughtsmanship ever foisted on the British public—holds out no promise of financial succour. It has been suggested that an additional £100 millions may accrue to the Exchequer from this source in 1941. But this sum, even if it were assured, would amount to a mere tithe of the increased expenditure to be met. With the principle that war-profits shall be condemned, all are agreed. So clumsily, however, has the E.P.T. been devised that its effect, in many cases, is to reduce or destroy the very profits which it proposes to appropriate. It is levied, in instances that could be cited, on a negative quantity, although the works concerned are engaged to their full capacity, and more than their pre-war capacity, on the execution of government orders. Whether or not this state of things constitutes a triumph of (enforced) virtue in the social and moral sphere, in the domain of public finance it is merely an extract from the nonsense-book—as a hard-pressed Chancellor has doubtless long since become aware.

The above cursory review suggests that public revenue is not likely to be increased, during the coming year, by more than £300 or £400 millions above the 1940-41 figures. The visible deficit may considerably exceed £2,000 millions unless, in this national emergency, there is some departure from earlier and narrower precedents. Clearly the one course open to the Chancellor, if his civic and political courage will bear him stiffly up, is that of following more directly the flow of his own expenditure. Additional revenue and additional savings can be obtained only from those securing higher incomes than before. Unless some approach is made towards the adoption of the principle that individuals and households, no less than companies and corporations, shall contribute, in savings or taxes, a fairly but heavily graded proportion of increased war earnings, the preservation of order and stability

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in national finance will become progressively more difficult.

A substantial part of the growing discrepancy between revenue and expenditure can, of course, be legitimately met by borrowing the nation's current savings. And those savings are growing as national (money) income expands under the impact of government spending. To what figure that income has now risen and how much of it can be made available in genuine savings, it is extremely difficult to determine. The best informed estimates now place national income at between £7,000 and £8,000 millions, compared with £5,000 millions in the last pre-war year. It has even been suggested that it may soon reach £9,000 millions. But this view appears to rest on the expectation that government expenditure will reach £5,000 millions this year; and upon the further, rather facile, assumption that government disbursements can in no circumstances account for more than 60 per cent. of national income. Neither of these postulates is, however, necessarily acceptable; and both overlook the fact that a large and quickly rising fraction of our total expenditure is incurred abroad—so that it adds nothing to national income. It is further worth noting that wages and salaries, directly or indirectly paid by the Government, are to an increasing extent merely replacing previous earnings from other forms of service or employment, thus constituting little or no addition to general income.

It seems reasonable, however, to expect that small savings—given the frankness and vigour of the efforts being made to stimulate and secure them—will continue to provide the Exchequer with more than £10 millions a week or possibly £600 millions in a full year. Taken together, loanable funds from all sources may, it is suggested, reach a total of £1,000 or £1,100 millions. Whether so large a figure does not disregard the destruction of property necessitating outlay for repair or replacement and the loss of income hitherto derived from it, it is difficult to judge.

Orthodox borrowing methods may, however, reduce the visible deficit by £1,100 millions if the cost of living and the

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cost of producing are not allowed to rise substantially in the meantime. On this score, unfortunately, housewives can already tell a tale which makes a mockery of index figures. On the other hand, it may be that the physical volume of consumption will have to be reduced under the stress of war conditions to a point at which effective outlay by the consumer, though based on higher prices, undergoes little change in the aggregate. The outcome will depend partly on deliberate policy and partly on the circumstances imposed by the actual conduct of hostilities.

In any event the gap, as it has now come to be called, between fiscal revenue and available savings on the one hand and expenditure on the other, is likely to exceed four figures in millions—perhaps by a considerable sum—during the coming budget period. Capital assets and gold will not be at the Chancellor's disposal to the same extent as during the expiring financial year, when they reduced the gap by several hundred millions. Despite the prospect of larger savings, already noted, there may accordingly be an ominous void, possibly exceeding £500 millions, to be filled by the creation of credit—inflationary credit—through the banking system. The process has, of course, already begun, as the increased investments of the banks and their deposits with the Treasury, now exceeding £300 millions, clearly indicate. The circulation of bank-notes has risen by more than £130 millions since the outbreak of war. Without accurate knowledge of the real savings, capital assets and nationally owned gold available to the Exchequer during the past year, it is not possible to determine the volume of redundant and economically harmful credit hitherto created and employed to meet a deficit. What is all-important for our economic future is that the use of this unhealthy expedient should be arrested or reduced to a minimum, whatever the duration of the war. Economically it is a stimulant, financially a narcotic. Both drugs are dangerous if the doses are continued, especially as (like all other inorganic remedies) they lose potency after a time and have to be applied in ever-increasing quantities.

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To avoid drawing a one-sided and distorted picture of the financial position, it is fair to observe that *some* artificial creation of credit is inevitable in the first stages of a war, in any country however strong, if the conflict is of such size that it seriously engages the economic resources and man-power of the community. From this contingency there is no escape. Despite the well-meant exhortations of economic purists, no statesman, financier or economist can mobilise or wring from the people the additional and abnormal sums required, either in loans or taxation, *in the time available*. Least of all was this to be expected when the present emergency arose. For, despite months or rather years of political lightning-flashes and lowering storm-clouds, nothing comparable to the gigantic German war preparations of over half a decade had been attempted in England. A great effort had to be made in the minimum of time; though, in the event, precious months were wasted through lack of realistic vision, even after the storm had burst. But the essential consideration now before us is that the inflationary use of credit running into hundreds of millions, unavoidable at the outset, shall not become a pernicious and self-destroying element in our general war economy. True, inflation will not stop the war or even directly impede the war effort. Yet the longer this expansion in the volume of money is allowed to continue, the greater will be the effort needed to abandon it. The process will acquire momentum. If the "gap" between expenditure and finance provided by orthodox methods is allowed to widen farther, even the hardest politician will shrink from essaying in due course the drastic remedies needed to make any noteworthy impression on it. For this reason—and with a view to the future of our economy in war and peace rather than because of excessive alarm over the past use of an expedient to which some recourse was inevitable—the situation calls for a courageous and far-sighted policy in our fiscal and financial affairs. That policy must aim at preserving the currency from debasement and equating consumption to production by an orderly process, in terms of money as well as in physical output; for in terms of the latter, whether by

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studied method or through a process of unregulated chaos, a balance will inexorably establish itself.

Light and shade are so strangely mingled in the picture, at the moment of writing, that the Chancellor should be frankly warned against the danger of accepting its paradoxes in a light-hearted and demagogic spirit instead of pursuing a firm and far-reaching policy. For some temptations may be thrown across his path. In a year in which government expenditure is expected to exceed anything yet known, a greater amount than ever before is to be spent abroad, notably in the United States. To the extent of these foreign purchases, therefore, the gap between expenditure on the one side and taxation and loans on the other will be reduced as regards inflationary impact in the United Kingdom. It will be alluring to describe the unbridged gap as a small one, calling for no strenuous action. Foreign spending, however, if it is to account for a substantial fraction of total outlay, must reduce our estimates of a greatly increased national income resulting from war expenditure and our estimates of savings based on it. As yet, moreover, the Lease and Loan Bill has not become law. How, under its provisions, in their final form, American deliveries will be brought to book can only be conjectured. Will they be entered against us as an exchange credit or also as a fiscal credit? Or will they be regarded as an American contribution to her own defence as well as to ours?

Even with the scanty knowledge at our disposal it is obvious that a short or a long view may be taken of the economic implications of the exchange situation towards which we are now moving forward. In any event, most of our realisable foreign assets, and perhaps others less readily marketable, will have been ceded to the United States before American support, in the form envisaged, becomes wholly operative. Exchange control will, as a corollary, have to be kept in force long after the cessation of hostilities. Our balance of accounts with the outside world will be radically transformed through the loss of unearned foreign income from investments now being consumed for war purposes as well as through a tem-

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porary reduction of earned foreign income arising out of the shipping, insurance and banking services which we normally render. As a country we shall largely have lost our former *rentier* position. We shall still possess large foreign claims—mostly, however, against the Dominions now equally bearing the strain and the rigours of war. More than for many decades past we shall depend, as a people, on our day-to-day production and earnings, with but modest help from resources accumulated in the past. No doubt we shall, by that time, have tightened our belts considerably and be well prepared for lean fare. And it would be well to note in this connection an economic factor which has been often overlooked. The loss of income from abroad will not primarily affect those who once directly received it, but the country as a whole. The large excess of imports over exports—latterly amounting to £400 millions per annum—would not have been possible without it; but whether such income belonged to Government or individuals was of no great consequence. The country as a whole received the benefits in the form of a higher standard of living. Thus the volume of possible imports from abroad is, and will remain, a matter of national and not individual economy. The imports are consumed by the many, not by the few. Unfortunately it has to be admitted that for some years even the bulky income received from abroad was exceeded by the amount which, as a nation, we spent abroad. That this should have been the case despite the advantage secured through a lowering of the exchange value of sterling and despite the benefits loudly claimed for our protective tariff gives much food for thought. In international trade and in the world's markets we were hardly holding our own when the emergency overtook us.

The loss of foreign assets and of a part of our previous capacity to render services to foreigners will enforce on the British people—vertically through the social scale and not on any one section—either a lower standard of consumption or a higher and harder standard of productive work, capable of holding its own against foreign competition. In the main, the country will be able to consume what it produces. From this

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cardinal fact there will be no escape. No short-cuts will serve; nor will a redistribution of income and assets within the United Kingdom noticeably soften it.

This, perhaps, is one of the fundamental considerations which our political leaders should have in mind at this juncture. Its implications for the future should impel them to frame a fiscal, economic and currency policy which will confer on the people as a whole stability of livelihood at a modest yet adequate level of consumption, together with an assured value for their stored-up savings; and to forswear a facile, day-to-day policy of financial drift into higher incomes and higher prices, more money and fewer goods: first illusion, then disillusion.

PROBLEMS OF RECONSTRUCTION

I. BUILDING

THIS democratic generation does not suffer and fight to make the world safe for democracy; it fights, as Mr. Churchill says, for a better world. Disillusioned, but not lacking in faith, desiring no formulas, it looks askance at prophets and prefers not to build castles in the air. To many there is perhaps something dissatisfying in planning reconstruction at this moment. The united nation is intent on victory. To deviate into peace-time planning seems to cut one off from the common immediate aim. There are practical handicaps, moreover, to planning reconstruction when the damage is not yet completed, the economic condition of the post-war world is unforeseeable, and the relative post-war claims of housing, factories or roads cannot be estimated. Nevertheless, unless plans for reconstruction are now conceived, post-war problems will find us unprepared.

When young men and women hear talk of a better world this is how they visualise it: a better world materially, with well-built sunny houses, efficient factories, unspoiled countryside, modern schools for their children and better facilities for community life. This is not a point of view to be despised. Every generation that has achieved anything in the past has left some memorial of itself in stone or wood, and as in some sense the spirit of an age is often expressed in its architecture, there is nothing materialistic in a desire that buildings of style and character may be erected as a perpetual monument of our ambitions and ideals.

John Nash, the great architect of a century ago, said in his evidence before a Select Committee of 1828, "We have always our stone marked to show how it lays in the bed, we never place a stone in the building in any other way than that in

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which it laid in the quarry." We, in 1941, need to have architects with a high respect for their materials and for the technical and aesthetic needs of the people who are to use the buildings and works which they design. No one who is conversant with the immense advances in the art of building that have been made as a result of recent research in the last fifteen and even in the last three or four years can fail to believe that we have the means, if only we have the will, to build as fine buildings as we please, and to undo the damage of the war years and the much worse damage of decades of careless building.

I. BUILDING AND THE POST-WAR SLUMP

THE lesson of war and peace is that the building industry is one of the staple industries of our time. The trade cycle and the activity of the building industry are in this country closely related, and the recovery from the slump was in Great Britain peculiarly assisted by the increase in house-building. Investment in building formed between one-third and one-half of all new investment expenditure in pre-war years, that is, the value of net additions in houses, factories, etc. was about one-half of the value of the net additions to all fixed capital.

A modern economy needs ever-expanding opportunities for investment; housing provides such opportunities. Expenditure on dwellings in the United Kingdom rose from £100 millions per annum in 1932 to over £150 millions in 1936 and 1937, at the same time as expenditure on new factories and other buildings was also rapidly increasing. The building industry in those years, by its elastic capacity for expansion, led the improvement in economic conditions. During the war, as will be more fully known when the history of the war is written, the building industry has once more risen to the occasion. Despite depleted resources of men, and to some extent of materials, the output of the building industry has declined less (compared with the pre-war level) in the last six months than might have been expected. Government orders

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have been satisfied at a speed which would have been considered amazing a few years ago.

After the war the building industry will have once more to be elastic if only for general economic reasons; there will be the problem of demobilisation and the problem of over-expanded armament trades to be solved. Building, which had looked forward to an uneasy future in view of a declining population, will be at least as important a part of our national economy as it has been throughout the 1930s. We have to form in our mind's eye an idea of what we can do after the war with the labour force that we can train and the skill and the materials that will be at our disposal.

Skilled building workers will return to their former occupations from the Forces or from whatever other trades they may have entered, but more will have to be trained after the war years and some apprenticeships properly concluded. We can count on a million building workers and about three or four hundred thousand civil engineers as the effective labour force that could soon be available for building and contracting work. We can count on nine million tons of cement a year and as many bricks as we shall need. Timber might be in short supply for six months or more, until the shipping position had improved. Steel should be plentiful.

With these resources we have the capacity to build not quite as much new work as in the pre-war years, for repairs will be an abnormally large item. Repairs may cost (to put the matter in money terms at pre-war prices—although it is not money-cost but quantities of labour and materials that are the limiting factors) £150 or even £200 millions in the first year after the war: that is, perhaps double the pre-war figure. But even so, with a little hustle, we should be able to count on *new building* work worth £200 millions in a year and new road construction costing another £80 to £100 millions. These are, of course, approximate figures.

This would not at first suggest that we could do much more new building after the war than repeat the housing programme of 1932-37. But *after* the war there will be a large number of

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armament factories to be converted into something more useful. Even if we stay fully armed for another ten years, our factories may well be converted into workshops for civilian goods. Factories, therefore, may need alteration rather than new construction. Thus domestic building may form an even larger part than before of the total of new building. It will be possible to erect houses at the rate of nearly half a million a year if we are satisfied with the housing standards of the past. The homeless can be housed and the motorists given roads.

But a programme that was based merely on repeating the mistakes and inadequacies of recent housing policy would be a disaster. An opportunity that could never recur would have been lost. If nothing better were done than to control building by the feeble canons of town planning (zoning and the like) that have so far been accepted, then the rebuilding of Britain would prove a miserable failure.

Neither the quantity nor the quality of the building programme should be limited by too close an emulation of the recent past. It may be possible to provide sufficient dwellings by a *mixture* of flats and cottage-type houses, by the alteration and improvement of war-damaged homes and by a careful guidance of the redistribution of the population.

A plan of a much higher degree of flexibility is not technically impracticable. The difficulties in the way of carrying it out arise from Labour, from Finance and from Red Tape.

II. LABOUR

IN order to embark upon a bolder policy we must think of planning several years ahead in our programme. If we did that, we might aim at a labour force of not one million but a million and a half in the building trade alone to satisfy immediate requirements; this force would be scheduled for reduction steadily from the third or fourth post-war year onwards, as other industries began to thrive and the urgent need for building labour receded. Such a policy as this would, needless to say, require the approval and full co-operation of the trade

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unions; it would mean, in the years of high output in building, that really skilled men were in an abnormally low proportion to the total employed. Thus *temporarily* less skilled men would have to do the work of bricklayers, carpenters, etc.—as indeed, owing to the present shortage of labour, they are already doing—but on the strict understanding that such diluting labour would be withdrawn (and if necessary trained) for other industries in anticipation of a planned reduction in building output.

After the war it will not be enough to return to supply and demand in its application to labour. To use wages as the principal incentive for a man to change his job would mean that uniformity agreements all over the country would have to be violated outright. If, as in 1919-20, both unions and employers were to become stiff-necked in their attitude, then labour would obstinately refuse dilution, causing bottle-necks that would hamper the building programme, while employers would attempt ruthlessly to exploit falling prices as a lever for insisting on the reduction of wages. The ideal labour policy implies far-sighted statesmanship on the side of employers and trade unions, and a Government financial policy providing a reasonable measure of certainty and of opportunity.

III. FINANCE

IN the light of our war experience few economists are likely to contend that our building programme will be paralysed by the lack of financial resources. It will not be enough, however, *merely* to increase expenditure, since there will be a shortage for some time to come of most of the things people will want to buy—civilian clothes, food, tennis rackets—and an over-supply of other things that are no longer so fashionable, such as gas-masks, machine-guns and incendiary bombs. This maladjustment of supply to demand will mean that the Government will have to control a number of things for some time after the war, or else there will be a mad scramble for the limited number of goods that are wanted, a scramble in which

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war profiteers will be successful and masses of ex-soldiers will be the losers.

This general situation affects the problem of building finance in a special way. Even after the last war the Government, which was bullied, in the name of economy, to withdraw from most economic fields of activity, retained Rent Restriction as a partial remedy against the profits that landlords would otherwise earn as a result of a peculiar social situation. After this war the situation is likely to be as acute, aggravated indeed by evacuation as well as by bombing.

Rent Restriction will no doubt once again be enforced as a remedy against the exploitation of local shortages of house accommodation, but there remains the question who is going to finance the new buildings that will have to be put up. The housing booms between 1920 and 1940 were financed from two main sources, government grants to local authorities under the Housing Acts, and loans from building societies to private individuals.

Building societies have played a large part in the organisation of thrift and in the provision of opportunity to the small house-owner. As Sir Harold Bellman has written, they are not to be regarded so much as profit-making private institutions but rather as semi-public concerns with a big part to play in the life of the country. But the position of the building societies is not entirely satisfactory. They have consistently refused, entirely in accordance with their legal rights, to accept the responsibilities of landlordship. They have lent money to house-purchasers for houses which have in hundreds of cases not been worth the value of the loan, the societies themselves being protected from risk by the "builders' pool" funds which they often have held as a collateral (i.e. funds paid in to them by the builder of the houses out of his profits to cover any loss arising to the society from default by the house-purchaser).

This position needs to be remedied, and indeed there are several flaws at present in the organisation of house-purchase finance that need to be removed. It is in general contrary to the principle of insurance, and contrary to the industrial needs

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of to-day, that the small salary-earner or wage-earner should fail to spread his risks. Buying a house is usually for him the largest single purchase that he will make in the whole of his life. Once he has bought the house he runs the risk of loss if ever his labour is needed elsewhere, he runs the risk of all repair liabilities (which may be a very heavy item after twenty years), and house-purchase instead of being an act of true thrift may on these terms be an act of romantic folly. No reform should sweep away the existing opportunities of acquiring houses on reasonable terms; for there will always be some who have good cause for wanting to own their homes. But in general the small man would be in a very much sounder position if instead of owning £600 worth of house he owned £600 worth of shares, or deposit, in a building society, on which he drew an almost gilt-edged return; and if the building society were organised to acquire as its assets not the mortgages of individuals but the house property itself.

The building societies are the obvious nucleus of a National Housing Board of the future; and, transformed on the lines that have been suggested, they have as great a part to play in the future as in the past. By accepting responsibility, they would by their great power and influence be able to *compel* builders to accept high standards of design and workmanship. As long-tried trustees of small savings (with resources worth over £700 millions in 1937) they could readily induce the small saver to provide them with funds. If the national demand for houses were at any time greater than the funds that they could acquire, it would not be difficult to arrange that the Government should advance money through them on terms that the debt should be amortised as rents began to come in. In return for advance of government money for housing, the building societies would come under some measure of government control in matters of their relations with builders and with the purchasers or tenants of houses.

Such control would not need to be very widely extended, but rather of a loose character. It would give the Government authority (presumably through the Ministry of Works

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and Buildings) for the last word in any dispute as to the character of the programme to be followed. But the accumulated experience of the staffs employed by the building societies could be most suitably used for the execution of the new policy. The Housing Association movement should be linked with any reform of this sort and itself already represents the adoption of a new policy. Finance for post-war building is not in itself a *difficult* problem. Building will be a form of public investment that is above criticism. It is, however, necessary that finance should be handled on clear and simple lines. The establishment of a National Housing Board either out of the present building society movement, or, if the difficulties in such a step prove to be insuperable, as a new institution, is a necessary step to a clear solution of the housing problem. To allow the resources to be lost in a welter of detailed local authority grants is undesirable, although there is no reason why the local authorities should not themselves be linked up with the Housing Board and receive any house-building funds that they require through the Board itself.

Plans must still be drawn up locally to some extent, but the National Housing Board, under the control of the Ministry of Works and Buildings, must be the deciding body in the financing of new construction. Only so can there be some guarantee that planning is sufficiently far-sighted and that it is based on reviews of geographical areas and their development as a whole. The problem indeed is not one of finance but of how the various parts of the government machine are to be designed so that they work in harmony with one another.

IV. GOVERNMENT ORGANISATION

TO the uninitiated the problem of Government organisation may appear to be relatively easy to solve; let one or other of the Ministries take on the job. But the matter is not so simple. Already there is certain machinery in existence, certain vested interests in this or that department, and real or imagined obstacles to unifying building control under one authority.

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The Ministry of Health is in control of housing in so far as it is State-assisted. The Board of Education is concerned with the building of schools; the Services with their aerodromes or barracks; the Admiralty with its docks and wharves. Moreover, building houses means building roads, laying down mains, taking electric cables to the new streets when they are needed. The Ministry of Transport and the Electricity Commissioners, to name only two more authorities, are closely concerned in many matters affecting the building programme. Last but not least is the responsibility of the Minister of Works and Buildings as the grand co-ordinator of all new building.

It is very easy to construct on paper a series of National Planning Boards, National Investment Boards and so on, and to use words like "co-ordination" until they become quite meaningless. The successful working of government machinery demands above all things a precise definition of the field of activity of each department, a clear sense of responsibility and a capacity for immediate action on the part of the head of each department and his immediate subordinates, arrangements to devolve responsibility for action within limited fields so that a large task is split up into manageable proportions, and arrangements that departments working on related projects should be in constant touch with one another not only at the head but at all other levels.

Thus any plan of government organisation is valueless unless it is drawn up in terms that are perhaps rather tediously detailed. Our idea of post-war organisation of building must be clarified in these terms, but that does not mean that any scheme that is now devised is laid down other than tentatively; it must be detailed, but it need not be dogmatic.

A plan must begin somewhere, and it may as well begin at the top. Let us assume that there will be a Ministry of Works and Buildings which is the supreme authority over the whole field, and a Minister who is vigorous, imaginative, able, and sufficiently impervious to criticism to cut across business and departmental interests when they interfere with the national interest. He must be a democrat in discovering what is wanted

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of his Ministry, but something of an autocrat in the execution of his duties.

The Minister of Works and Buildings will have within his department four distinct sections: first, the lineal descendant of His Majesty's Office of Works—much expanded, perhaps, if certain decisions as to direct building by the Government are taken; second, a long-term planning organisation, concerned with the location of industry and with town and country planning; thirdly, a programme department, concerned with the detailed planning and execution of the building programme of the whole country, both civil and governmental, for the current year; fourthly, a housing division which will take over most of the present housing functions of the Ministry of Health and will supervise housing finance through the National Housing Board.

The first of these divisions has a great tradition to carry on. One of the few London plans that has ever been successfully carried out was that of Regency days under the auspices of the Office of Works. The question arises how far it is the proper instrument of a programme of direct government building—should the Office of Works confine itself to those buildings that are for definite public use (e.g. park pavilions, ancient monuments, etc.), and to government offices or hospitals, or should it take on more ambitious schemes, trading estates, new towns or highway development? There is much to be said for either course; the decisive point is the possibility of expanding an existing centralised staff to cover efficiently a larger field of action.

One solution would be a compromise of a definite kind. There is probably an optimum total for the work that can be done by any department or division of a department such as the Office of Works. Within that total it can work efficiently and carry out projects more cheaply than any other organisation; the Office of Works is very well suited to build *specimen* trading estates, hospitals, factories, or re-designed urban housing areas, with a view to providing a yardstick for other methods of building. Certain projects then would be handed

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over to the Office of Works, and it might handle a programme worth £20 or £30 millions a year. This would give the Minister of Works and Buildings a master-card in his negotiations with other building interests both public and private, since he could prevent schemes being held up by deliberate obstruction or delay by taking them on himself where necessary.

Second comes the long-term planning organisation. This would fill many of the functions of the new Ministry visualised in the Minority Report of the Royal Commission on the Distribution of the Industrial Population (the report is dated January 1940 and was made before the Ministry of Works and Buildings had come into existence).

This division of Works and Buildings *must* exercise—not merely possess, but exercise—powers as to the location of industry. Any powers short of that can only be exercised as palliatives. If industry comes to the south to some already overcrowded district, no housing programme will solve the problems involved. The long-term planning division of the Ministry of Works and Buildings is the proper body to draw up blue-prints of the industrial development of this country in so far as that means new or improved factories and new or improved dwelling-houses. It must have the power to enforce its general plans, and to authorise other departments, or private enterprise, to proceed with projects only when they are consistent with the general plan.

The Minority Report of the Commission on the Distribution of Industrial Population recommended that the new Minister should have transferred to his department the existing powers and functions of the Ministry of Health under the Town and Country Planning Act, and of the Ministry of Transport under the Restriction of Ribbon Development Act and the Trunk Roads Act; also the powers and functions of the Commissioners for the Special Areas, the areas to be extended and revised. The signatories make a very strong case for these recommendations; they point out (p. 221) that at present "town planning schemes are local by definition and there is no machinery by

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which they are prevented from making provision in their layout for the accommodation of a population or industry out of relation" to the probable future capacity of likely growth of the area. Moreover (p. 219), "only a very small fraction of Great Britain is under town planning control, apart from the mere passing of resolutions to make a town planning scheme". These are some of the arguments which establish the case for investing the Ministry of Works and Buildings with supreme authority.

The Minority Report is also undoubtedly sound in recommending the setting up of Regional Boards, and probably sound in recommending that the new Minister should be empowered to authorise financial assistance from government sources by loans or grants to promote and encourage industries or satellite towns in districts and regions where they needed to be stimulated.

The long-term planning division will have to co-ordinate various long-term building projects so that too much, or too little, is not attempted in any one year. Its recommendations in this respect will receive due consideration by the programmes department. The latter will do in peace-time—only under more favourable conditions—what it obviously must be trying to do in war-time, namely, relate the claims of the service and other building departments and individuals to one another.

The programmes division will carry out yearly the work planned by the long-term planning division for longer periods. It will receive from departments estimates of proposed building expenditure, including that by civilians, which will be returned through the licensing department or some other channel. It will restrict excessive building by tightening up the departments' allocations of raw materials or by refusing permission to build. It will control, by one or other of the techniques that it has learnt in the war, all building contractors so far as labour and materials are still controlled.

Both the long-term planning division and the programmes division would work in the closest contact with a National

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Investment Board (a protégé, perhaps, of the Ministry of Reconstruction) and the National Housing Board. These two bodies between them would cover the whole of all types of building. When they had decided where factories were, in general, to be built, where houses were to be allowed or flats, then the programmes division would proceed with the consideration of applications to begin work.

The housing division would take over first the present housing functions of the Ministry of Health, and secondly the ultimate control of the activities of the National Housing Board, which would be a purely financial institution. Housing finance would be centralised, and advances from the Public Works Loans Board—which in recent years has done excellent work in assisting the provision of finance for working-class houses—and other institutions would be made in future by the Housing Board. The housing division of the Ministry of Works and Buildings would supervise the quality of the houses that were built; and would enter into direct relations with the local authorities in respect of the programmes carried out by them.

Some of the existing machinery of the Ministry of Health would thus pass to the Ministry of Works and Buildings, but much of it would be new; for, although good work has been done, the existing machinery is in many ways too bound up with the incomplete system of the past. The mere shifting over of the officials from one building to another would not be an improvement.

A centralised plan under the Ministry's supreme control does not mean, of course, that the local building programmes should be imposed from above by a master architect in a London office. They must be drawn up by men and women advising Regional Boards with a full knowledge of the working and living conditions of the mass of the population. Society is too large now for a Christopher Wren; the younger architects themselves prefer to work in contact with social experts and with representatives of the people who can speak for the people. The central authority that uses its powers to

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clear away the difficulties and encumbrances of the past must draw the inspiration for its programmes from teams of social planners in the widest sense, assisted by individual architects. The element of local knowledge must not in future come only from the local patriots, with their unqualified desire to increase the rateable value of their area, but from salaried committees who make it their whole life's work to understand the needs of a region.

Such then, in outline, is one possible way of visualising the post-war importance of the Ministry of Works and Buildings; but there are, no doubt, other alternatives that ought to be considered. The plan that has been outlined above is open to discussion, but whatever plan is finally accepted should be consistent with the principles that administrative control should not be divided and that the planning authority should have power to put its policy into effect.

V. THE POST-WAR PROGRAMME AND LEGISLATION

IT is especially incumbent on those of us who accepted with too much complacency the view that great progress in housing was being made in the period 1919-39 to adjust our ideas rapidly in view of the criticisms that we shall hear if we are fortunate enough to attain old age. "To suggest that bad urban conditions are a thing of the past, a mere legacy from the Victorian age which we are rapidly overcoming and need no longer fear, is utterly misleading", as the Minority Reporters of the Barlow Commission justly observe. "It is indeed possible", they add, "that the activities of the speculative builder and the costly flat and fringe rehousing policy of the Government may, unless controlled and modified, inaugurate a new era of social maladjustment." When one reflects on the general character of the 4 million houses which we are so proud of building between the two wars, one wonders how many of them will satisfy the people whose homes they will be in later years.

The replacement of buildings that have been knocked down

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or damaged presents great technical and aesthetic problems. There are few areas where the damage will have been so wholesale that rebuilding will start on a cleared site; more often there will be gaps in a street, and the difficult choice between replacement, new building with no change of the environment, or further demolition will have to be made. Reconstruction is thus much more difficult than is sometimes assumed; Humpty Dumpty cannot be put back on his wall again. This is true of society itself as well as of building, so that Reconstruction must have a broad but definite meaning—it includes the planning of a new and better society; even in the sphere of building it involves a new approach to social problems; it is much more than the restoration of something that has been destroyed; it cannot succeed unless our democratic Government is capable of wielding administrative power, yet at the same time preserving close contact with the people, their welfare and their desires.

The post-war building programme cannot now be planned in detail, but now is the time for legislation that will make possible its successful execution. Legislation is needed not to restrict the future plan but to render it more flexible. The need for a national plan is not a need for national uniformity. The factory programme must be capable of adjustment to dynamic changes in the methods of manufacture. Enterprise and ideas will still be the gifts of individual business men; and it is essential that the controlling government authority (whether national or regional, or a local trading estate) should not use its powers in such a way as to kill or discourage enterprise. Houses, flats, satellite towns, garden cities, all have much to be said for them; to adopt one scheme in one part of the country is not to rule out the propriety of a different system elsewhere. But the ultimate object—the achievement of a decent housing minimum for all, which involves the renting of house-room at a rent that can be paid by the working man—cannot be attained, any more than the correct placing of industry can be attained, without further national control of land-ownership.

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Many Chancellors of the Exchequer have failed to achieve a correct valuation of the land in this country, and any scheme of increased national control of land means that a correct valuation must be first carried out. A scheme that is fair to the present owners of the land and not unjust to the general taxpayer cannot otherwise be devised. When it is remembered, however, that roads and agriculture have also their problems to be fitted into the general post-war plan, it becomes plain that the immediate necessity is to settle the principle of land valuation.

One method of land valuation would be to compel all owners of land to place a value (at pre-war levels if necessary) on their own land; the Government would reserve the right to tax them (under Schedules A and B and Estate Duty) or to buy them out, at the value declared. By this method tedious appeals against valuation would be avoided.

The principle not merely of individual gain but of service to the community is recognised by a larger majority of the population now than at any previous moment in the history of this country; every day there are people who show that they are actuated, from whatever class of the community they come, by motives distinct from those of personal enrichment. This is the right time for legislation that will remove unearned increment from private hands in the centuries to come, and will place the opportunity of better planning in the hands of authority.

It is not suggested that there should be any attempt at wholesale nationalisation of the land. All that is necessary is that the State should obtain the right to buy (at a valuation to be registered now in advance) whatever land it requires for future projects. The State should absorb land only at a rate conformable with its administrative capacities; it should guarantee a lease of 99 or 999 years to the small holder, becoming only a ground-landlord in many cases; it would then be carrying out only the gradual extension of an accepted reform—for one-third of the land of this country is already in public or semi-public ownership.

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A highways policy must be thought out step by step in conjunction with the building programme.

It is true that our resources will not be so unlimited that we can afford to have all the new roads and all the new buildings that we want simultaneously. We may visualise suburbs built to the varying tastes of bachelors and families, a decentralisation of industry to satellite towns, but a centralising tendency in some directions—since parts of London may be appropriately given over to the terraced sky-scrapers of the architects' drawings, which, whatever their defects as dwellings, are admirably suitable for offices. Central government offices, for instance, may now be concentrated in a few large buildings of the new London; contact between departments (no less important, perhaps, than the contact between different classes of the community) will be encouraged by the gentle but irresistible force of propinquity. But neither these, nor any other plans, are feasible unless the land question has first been solved.

The more one allows one's mind to dwell on these points, the clearer it becomes that Reconstruction is a living and immediate issue. Now is the political moment which may never again recur, when internal unanimity exists in all classes in favour of taking bold measures that will serve as a precedent and as a basis for the post-war period.

NORTHERN IRELAND AND THE WAR *

THROUGHOUT the centuries one continuous thread can be detected running through the variegated web of British military and naval policy; it is the strategical indivisibility of the British Isles. The defence of Ireland is the defence of Britain. Elizabeth knew it; Cromwell knew it; William of Orange, of pious and immortal memory, knew it; and so did Pitt and Castlereagh; so too, in our own time, did Mr. Lloyd George, and, while prepared to give up much, he shrank from giving up all.

And in each epoch of British history Britain's enemies have appreciated the situation in the same way. Elizabeth's struggle with Philip saw a Spanish landing in Ireland; the Napoleonic wars saw the French at Killala; and in the Great War of 1914-18 Germany too made a nibble at the island on the western flank, though it was muzzled before it could do more than send Casement to an unhappy end and bring about the abortive Easter Rising in Dublin in 1916.

In the grim struggle in which Britain is now engaged only one thing can deprive her of victory: if her sea communications with the "arsenal of democracy" across the Atlantic are cut, the war for her is lost. Ireland lies across those lines of communication. An Ireland fighting on her side would make those communications safe. A neutral Ireland would gravely imperil them. With Ireland in the possession of her enemies, the vital arteries are severed.

As things are, at the end of eighteen months of war, the shipping lanes of the southern half of the western approaches

* Owing to the restrictions imposed by Mr. De Valera's Government on the transmission of anything but official news, the usual article from our correspondent in Ireland cannot be published in this number. [Ed.]

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lie under the perpetual threat of sea and air raiders from the coast of France; in a neutral Eire we have not the advanced bases—either harbours or aerodromes—to defend them. It is, therefore, through the narrow waters of the North Channel that the bulk of our shipping must make the western ports of Britain under the protection of the Royal Navy and the Royal Air Force, who can operate in those waters only because, and only so long as, six of the thirty-two counties of Ireland still render allegiance to the British Crown.

Without a bridge-head in Ireland Britain's most vulnerable flank is turned. Within the last few years, in the modish mood of appeasement, British statesmen would have yielded the bastion up; only the stubborn disinclination of a few hundred thousand Ulstermen to live under any flag but the Union Jack prevented it. "We are King's men", said the late Lord Craigavon in his last broadcast address in February 1940. That millions of Britons throughout the Empire can to-day confidently chant "There'll always be an England" is not entirely unconnected with the fact that for the last twenty years there has been a United Kingdom of Great Britain and Northern Ireland.

Northern Ireland is in the war. She would not have it otherwise. The Empire's battle is her battle.

Her industrial and agricultural resources, in common with those of the rest of the United Kingdom, are mobilised for the war effort. Farmers and industrialists endure an ever-increasing measure of government control of their production—not uncomplainingly, but at all events with the knowledge that the times in which we are living are strange and unwholesome and that strange and unpalatable measures are evidently necessary to deal with them. Lithe men-of-war and curious craft of novel design and construction slide down the slipways of the shipyards, where night and day the rattle of the rivet goes on unceasingly. A steady stream of aircraft is wheeled out from the factory hangars. Tanks and guns and shells and mechanical and electrical equipment for all the fighting Services leave the benches of the workshops. Not a

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small part of the British army is clothed with material woven on the looms of Northern Ireland. An energetic Department of Agriculture has secured that the Northern Ireland farmer makes a substantial contribution to the British breakfast table, and there is a never-ceasing ferry of butter, bacon, meat and potatoes across the Irish Sea.

While the industry of Northern Ireland is at work at full capacity there remains an unutilised reservoir of labour able and willing to do its part. Many thousands of men have been moved to employment on war work in Great Britain under official arrangements for transference of labour. Yet the paradoxical situation remains that in the middle of a war when the national leaders almost daily exhort every man, woman and child in the community to do his bit, the latest published figures showed almost 35,000 men and 29,000 women in Northern Ireland, as well as 5,000 juveniles, out of work and unable to find employment. It is not enough to say, so far as the men are concerned, "Let them join the Forces"; many are too old and others are unfit for the fighting services, yet young enough and fit enough for the industrial army.

That unemployment in Northern Ireland is out of all proportion to unemployment in Great Britain is due in part to the absence of compulsory military service in Northern Ireland. This is a sore point with the Ulsterman. When conscription was introduced in Great Britain in May 1939 it was the wish of the Government of Northern Ireland that it should extend to this part of the United Kingdom. But Downing Street recoiled from the decision as Downing Street had recoiled from a similar decision in 1916, and Northern Ireland was left outside the scope of the scheme. In the years before the war Northern Ireland had a most creditable recruiting record for all three of His Majesty's forces; in the spring of 1939 she raised in one month a complete field force brigade of Anti-Aircraft Artillery numbering 5,000 men. The decision not to extend conscription to Northern Ireland not merely deprived the forces of their intake from Northern Ireland but actually gave a setback to voluntary recruiting. Apart from the prin-

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ciple of equality of sacrifice, there is perhaps no sound reason why this should have happened; but the fact remains, and it was little encouragement that, while Parliament specially legislated to safeguard the civilian employment of a conscript in Great Britain, it left unprotected the volunteer in Northern Ireland.

Yet the Ulsterman finds a martial career to his liking. Almost 30,000 men were found without difficulty for the Local Defence Volunteers, which is the counterpart of the Home Guard in Great Britain. This force has attracted the animosity of the friends of Irish unity. It was formed in May of 1940 when these islands stood in an imminent peril and when Ulster's wives and mothers and sweethearts waited anxiously for news of the outcome of Dunkirk. At the time, troops in Northern Ireland were lamentably thin on the ground. The army needed the L.D.V.s, but there was no nucleus on which the force could be formed, such as was provided in Great Britain by the network of territorial associations up and down the country. So, in the extremity of the moment, the decision was taken to build up the force in Northern Ireland on the framework of the Ulster Special Constabulary. This was done, and the critics have discovered in the occasion a malevolent and sinister subterfuge on the part of the Government of Northern Ireland to recruit under the cloak of repelling the invader a "private army" of Special Constabulary. But the force is a military force, with a military rôle, trained by military officers and operated only under the orders of the military authorities. The fact that the Government of Northern Ireland has informed His Majesty's Government in the United Kingdom that it is prepared "to make or acquiesce in any change in the organisation or status of the force which His Majesty's Government considers desirable" disposes effectively of this propaganda.

The minor unpleasantnesses of the war are supported with good-humoured resignation—increased taxation and rates, higher prices, short supplies, food and petrol rationing, travel restrictions; we share them all in common with Great Britain.

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But the major ordeal which so many cities of Britain have had to undergo has not yet come our way. Up to the time of writing, for some inscrutable reason known only to the German High Command, we have been the victims of nothing worse than a few isolated instances of bomb-dumping, which have caused no casualties and only negligible damage. Some seek to find the secret of our immunity in the suggestion that we are under the political umbrella of Eire; up to a few months ago they were confident enough in their opinion to assert categorically that we should never be bombed at all. To-day that attitude scarcely exists, and the apathy and lack of interest with which the civilian population regarded A.R.P. and civil defence measures generally has been replaced by a lively realisation of the need for precautions to protect the home front against assault from the air. The relaxation since Christmas 1940 of the travel restrictions between Great Britain and Northern Ireland has contributed perhaps more than anything else to this different outlook. Friends and relations have returned home and have given first-hand accounts of happenings in the bombed areas in Great Britain. This has brought about an appreciation of what may be in store for us that was beyond all the well-intentioned efforts of official propaganda and publicity.

The civil defence and A.R.P. services have attracted a band of efficient and enthusiastic personnel. That they have not yet been called into action has done little to blunt the edge of their keenness. By arrangement between the responsible departments in the two areas, parties of volunteers from the civil defence services in Northern Ireland have taken tours of duty in the target areas in the south of England. This has not only afforded a welcome relief to the hard-worked local personnel in those cities, but has provided the Northern Ireland detachments with valuable experience of "the real thing".

Two instances may be given of the supererogatory war effort of Northern Ireland.

In August 1940 an enterprising Belfast newspaper made an appeal to its readers for one hundred thousand shillings to

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present a Spitfire to the Royal Air Force. The shillings poured in. The price of one Spitfire materialised in a matter of hours. The one Spitfire became two, then five, then ten. At the end of January 1941, the Northern Ireland Spitfire Fund had handed over more than £87,000 to the Minister of Aircraft Production.

The money came from people in every economic stratum of the community and in contributions of all sizes from halfpence to hundreds of pounds. Streets in the industrial area of Belfast organised their house-to-house collections; children's money-boxes yielded up their carefully hoarded pennies; women sold their wedding rings and old soldiers their medals. And still the money trickles in.

The provident strain in the make-up of the Ulsterman was catered for by the Ulster War Weapons Week, which in seven days in December 1940 raised almost £7,000,000, and thus surpassed, by almost half, the standard which the Province had set itself. Such a contribution to the financing of the war was no mean achievement on the part of a community made up in the main of artisans and labourers in the urban areas and, in the rural areas, of small farmers.

In 1930 Mr. Richard Rowley, the Ulster poet, wrote:

We are passing through difficult times but our faith in our destiny is not daunted. We still believe in the Imperial idea and we are convinced that it is by strengthening the links that bind us to the British Commonwealth of Nations that we shall overcome the difficulties that beset us to-day.

There is no privilege without its attendant duty. Patriotism as a sentiment or as a phrase is easy. Love of country, as an incentive to labour and self-sacrifice, is more difficult. Belfast and Ulster were never greedy to gain the reward of patriotism without sacrifice. They gave their children willingly to the cause; they sent sturdy settlers to fill up the empty lands and gave the best of their sons as soldiers and as consuls in the Imperial service.

Nothing that has happened in the last ten years makes it necessary to restate in other words the attitude of Northern Ireland.

Northern Ireland,
February 1941.

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I

WHILE, at the time of writing, the strong probability is that the Lease-Lend Bill will be passed by Congress without damaging amendment and inordinate delay, the fact still must be emphatically recorded that majority American opinion is opposed to actual entry into the war. Majority opinion, at the same time, is strongly in favor of a degree of aid to Britain—backed by extreme financial sacrifices—which knows no bounds short of war participation.

The isolationists here, who have been making a good deal of tumult lately, are about what the pacifists might be in Britain if that nation were not actually in war and under attack. They include in their numbers certain prominent members of Congress, certain great industrialists and financiers, some influential publishers, the Communists and many of the Socialists, many of the Irish, the Nazi-inclined Germans, and a considerable number of plain Americans who fear war and have a genuine earthy sense of isolation from the Old World.

Greatly outnumbering, if not always outshouting, these groups are those leaders and people who realize quite clearly that Britain is the last bulwark protecting America from a kind of world they would not like. President Roosevelt's leadership stands high, and his authority is notably reinforced by Republican leaders like Wendell L. Willkie, Henry L. Stimson and Frank Knox. The Southern Democrats are true to their cotton tradition of the past century and staunchly support Britain. By far the larger part of the press, including editorialists and radio commentators, takes the same view.

Only a fringe of the isolationist movement is so deluded and extreme as to say that it doesn't matter to the United States which side wins in Europe. Most of the isolationists

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insist they are firmly against the Nazis, but declare that they oppose war-involvement for the United States more. The current debate over the Lease-Lend Bill has served to bring the extremists out into the open, and the blind unreason of many of their views has done the cause noticeable harm. The Congressional committees which hold hearings on the Lease-Lend Bill have been our Hyde Park.

Although majority views support all-out aid to Britain, this does not mean that the United States is visibly approaching the time for a declaration of war. Though the degree and vigour of our aid has mounted steadily month by month, though some parts of the Neutrality Law and certainly the Johnson Law prohibiting credits are certain to be set aside, we are still firmly on our side of the line of military participation. The prophets who have said that "in ninety days" or "in six months" or "within the year" the United States would be in the war have been confounded regularly. In a sense, it is true, we are in the war already and getting in deeper every day. But we are not approaching an actual declaration.

What effect sharp events—such as the invasion attempt, a shipping or a Mediterranean crisis—might have on this state of mind is unpredictable. Some people think that, if Britain suffers grievous and critical blows this spring, it will bring the United States formally and fully in. This correspondent would not venture such a prophecy. He would insist that, unless or until events alter opinions, our relation to the war will continue in the present stage. Policy on this fundamental point, despite our increasing material aid, is not in a state of evolution but in a state of suspense.

While it is doubtless true that actual American entry into the war would make a great moral difference, it is certainly open to question whether the immediate physical effects would be of value to the British cause. There is no telling how American opinion might react. While "business as usual" might go out the window and our industrial-military effort might intensify, it is also quite possible that we would insist on keeping much more of the fruits for ourselves. And even

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the American Navy, instead of taking over much-needed duties in the Atlantic, might be kept even more closely in the Pacific. Yet this state of affairs is nothing to worry about because a declaration of war seems wholly improbable. You cannot declare war in a democracy when as many people are against it as now take this stand in the United States.

Possibly one illustration will serve to show how violently isolationist or anti-war opinion is expressed. The *Saturday Evening Post* is one of our most famous and widely circulated periodicals. Lately it has been increasingly isolationist. Although its articles and editorials have been rather indirect and moderate in their phrasing, the following photostat of a letter to a reader has just been published in *PM*, a New York daily newspaper. The letter, showing the familiar letterhead of the *Saturday Evening Post*, appears to be authentic. It was allegedly sent to a reader who had complained about an article on Norway which did not greatly emphasize the rigors of Nazi rule. The letter follows:

21 January 1941.

Dear Mr. Mann,

It is too late to bandy words. The Lease-Lend bill will pass surely and any probable amendment to it will be the emptiest of gestures. The bill is a charter of dictatorship and an assurance of war, and you will shortly have your wish. May you relish it in hindsight as much as you do in prospect. Hating fascism, you are embracing it by the back door. You are destroying the United States in the vain hope of mending a Europe about which you are as romantically deluded as were most of us in 1914-17.

Very truly yours,
THE EDITORS.

Harvey T. Mann, the New York attorney who received this letter, was as surprised as anyone. In American publishing experience correspondence in so minatory a vein is scarcelyprecedented. It shows a violence of opinion which has been echoed in the Halls of Congress and in battles between various propagandist organizations. It plainly indicates that war participation by the United States now would have to face a bitter minority opposition.

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Precisely because such sentiment exists, while the large majority of opinion and possibly most of the minority favors extensive aid to Britain, the Lease-Lend Bill meets the situation admirably. Its passage is not likely before early March, and some amendments have already been added to it, but they do not greatly impede the powers granted the President by the legislation.

Very broadly, the Bill meets two purposes: it enables the American Government to extend to Britain the financial power to place future orders here; and it makes possible the transfer to Britain of certain finished commodities now assigned to military or industrial groups in the United States. These, it is understood, are the two prime needs. Beyond that, the Lease-Lend Bill's authority is sufficiently broad to meet any conceivable crisis. Combined with the already extensive constitutional powers of the President, the Bill as it is shaping is likely only to leave these reservations: war cannot be declared except by joint action of Congress; the President must go to Congress for appropriations to pay for whatever programs he undertakes; the powers under the Bill are limited to two years; units of the American Navy are not authorized for use as convoys.

Such restrictions are not irksome, but merely provide for the retention of final co-ordinate authority by the Congress while giving the President the necessary crisis powers. The Bill itself is remarkable in its simplicity and scope. It was drafted by most ingenious and experienced legislative law clerks, and runs to a scant 800 words. It lifts all impediments of the Neutrality or Johnson Acts by this simple clause: "Notwithstanding the provisions of any other law, the President may . . ." and proceeds to give him authority to transfer any needed materials or "any facility" on any financial terms to any country "whose defense the President deems vital to the defense of the United States".

Thus the original draft of the Bill is broad enough to permit the President to place any proportion of existing American war equipment, as well as new arms, at the disposal of foreign

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countries. He might sell or "otherwise dispose of"—which might mean to give away—any of these armaments. He may "transfer" them to the foreign Governments, which is broad enough to provide for their transport. The provision defining "any defense article" as "any facility" would apply to power projects if needed, to navy yards, to military secrets, &c.

It is no wonder that these broad grants of authority took the nation's breath away, and it is remarkable that the Bill seems likely to go through with a minimum of amendment. A time limit on the Bill's grants of power is only natural; the restriction on use of naval units as convoys simply means that this Bill is not to be taken as authorization thereof. Nothing specifically is done to prevent convoy duties from being taken up under other authority—say the power of the President as Commander-in-Chief of the Army and Navy. Of course, before the Bill is finally enacted, in March or thereabouts, more amendments may be added, but they are unlike to disturb its main purposes.

The isolationists who oppose the Lease-Lend Bill are, on the whole, the same people President Roosevelt has been defeating in legislative battles for eight years. This does not prevent them from talking a good deal of dangerous nonsense. They have been rebuked and refuted by more thoughtful leaders. And some of them have gone to such extremes that they have seriously damaged their cause. But the persistence of isolationist sentiment, which takes its stand now on the sole issue of not entering the war—not against an aid-Britain policy—shows clearly enough that formal American participation would be impossible unless events make their future impact on the national thought.

II

FORTUNATELY we have an intermediate program of measures short of war which—especially when supplemented by the Lease-Lend Bill—will provide Britain with virtually as much industrial production, and perhaps even

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more, than could have been achieved in the United States had we been an actual belligerent. Despite the isolationists, our armament production is mounting on an extremely large scale. "Business as usual" is still far from being a thing of the past. We still, doubtless, do not take the war seriously enough. But the "time-lag", which is inevitable while industry is making ready for new production, is steadily being overcome. The "make-ready" in industry is far along, is about to be turned into production. On any test we seem to be doing far better than we did in 1917 with our industrial production.

If Britain can hold out this spring during the expected Nazi assault, there can be no doubt that American production will come rolling along in overwhelming volume. Airplane output is beginning to hit its stride, far better than in December when we were in the depressing trough of type-changes. Colonel John H. Jouett, President of the Aeronautical Chamber of Commerce, analyzed the position soberly as recently as February 1, and said that by 1942 our production will be ample to meet our own needs and, with British output, will give Britain air supremacy over Germany. If the entire American production could go to Britain now, he insisted it would achieve supremacy in six or seven months.

By mid-1942, said Colonel Jouett authoritatively, the United States will be producing warplanes at the rate of 30,000 a year. With British production, that figure leaves no doubt as to world air supremacy. Colonel Jouett defended the speed, manoeuvrability, armament and fire power of these planes, saying that those now going to Britain are "the equal of and in some instances superior to the best produced elsewhere in the world". The greatest service the American factories are rendering Britain, he said, is in the production of heavy bombers which can be used in long-distance raids against the Continent. Official information in February is that 400 of these heavy bombers have been flown across the Atlantic without a single loss.

There is no denying that early American combat planes were not equal to their task, but this was because our planes

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had been designed for hemisphere and long-distance defense. As soon as American manufacturers learned what was needed from the actual experiences in the air over England, they began producing the required types of planes. There were, of course, many inaccurately hopeful figures published. But the official estimates of yearly production of warplanes made in early 1939, when British and French orders began coming in, was 5,500 planes. Actually, 5,800 warplanes have been delivered during the past twelvemonth.

Meantime, the results of 1939 and early 1940 planning are only now coming into fruition, and by the end of this year the pyramiding of results will be stupendous. At the start of the war in September, 1939, productive floor space totalled 10,000,000 square feet. It has now become 25,000,000 with 20,000,000 more coming into production by August and September. When the war started, the aircraft industry employed 36,000 men. Today the rolls list 180,000 and will rise by mid-1941 to 382,000.

From Atlantic to Pacific, the United States is turning into an "arsenal for democracy" with a vividness that is startling. The greatest industrial network in the world is being turned into military production just as fast as the planners give the word. It is important to remember that for twenty years the War and Navy Departments kept a careful check on every factory, big or obscure, that could turn out militarily useful products. Some were fed with "educational" orders. Government officials kept in touch with plant managers. The make-over to military production was thus infinitely easier than it was in 1917. Our industrial mobilization plans were really magnificent, and they are bearing fruit.

The United States had a good deal of idle plant capacity, particularly in shipbuilding and in general manufacturing. There were idle skills. There is plenty of raw material. And so the nation has become a throbbing arsenal. The middle-Atlantic states, with their vast shipbuilding facilities, have received the largest volume of orders. The stupendous concentration of airplane factories around Los Angeles comes

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second—and the concentration is being somewhat scattered by new airplane factories and assembly plants in widely separated parts of the country. New England, which has the bulk of the machine-tool industry, comes third.

To look at the situation in New England: at least \$700,000,000 of British orders have been placed in the area. The fruits of the carefully prepared industrial mobilization plan are graphically revealed. A Springfield, Mass., gasoline pump manufacturer is turning out \$2,000,000 worth of artillery fire control instruments. A Beverly, Mass., shoe machinery plant has \$1,300,000 worth of anti-tank guns rolling off its production line. A Connecticut necktie manufacturer is turning out parachute cloth. Waltham Watch and New Haven Clock (names possibly known in Britain, too) are making time fuses for anti-aircraft shells. A South Boston woodworking mill is making \$7,000,000 worth of shell cases. The officials of the British Purchasing Mission (and there must be thousands of able industrial experts in the Mission, established as they are in an entire large office building in New York and equivalent space in Washington) were able to go right to the obscure plant needed for a given task because of the American industrial mobilization blueprints. This is one practically unknown detail of our collaboration with Britain's war effort.

Within gun-shot of Hollywood, in that Never-Never Land known as Southern California, there is an aircraft industry such as has never been centralized in a single area before. About one-quarter of the American aircraft industry is there, where it rains only during one season of the year, the weather is always equable, living costs and food costs are very low, and production can reach remarkable heights. The expansion has been staggering. On January 1, 1939, the floor area of aircraft plants in Los Angeles County was 2,000,000 square feet and personnel employed was 11,854. On November 1, 1940, the floor space was 8,500,000 square feet with 50,074 employed.

The spectacle of new plant construction, especially in

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Southern California, is imposing. One new plant, that of the Douglas Aircraft Company, covers 142 acres. The employees' parking lot extends over an additional 60 acres. In this particular plant, as in many new factories, all lighting is artificial, there are no windows, and bombproof shelters for all personnel are located below ground. Orders now in the hands of aircraft companies in this small area alone include \$959,978,574 for Los Angeles County; \$343,892,500 for San Diego; \$1,587,871,074 for the Pacific Coast.

Elsewhere the picture is different only in degree of concentration. Government-financed assembly plants for aircraft are being rushed to completion in widely separated parts of the country. All the big motor-car factories are collaborating in the aviation program. Either idle or new plant facilities are being used, which means that, if further expansion becomes necessary, there will be the present automotive plants for conversion. Typical of the new factories is a \$21,000,000 aircraft engine plant being built by Ford just outside Detroit. It is being constructed in a vast "box" of composition board and tar paper, regardless of weather and darkness. The box stands about 10 feet outside the finished wall line of the factory. Construction began only last October, but the steel framework was done in February and the entire plant will be completed in March. The great factory, measuring 360 by 1,000 feet, is a testimonial to the driving force behind the defense program. One end was completed and in use before the other was done. There are no windows in the shop section, the outer walls carry no part of the building load, the ceiling of the first floor is 17 inches of reinforced concrete, and the ground floor is 12 inches thick. The less vital office facilities are placed around the outer walls. Other such factories are taking shape north, south, east and west. In Oklahoma and Texas, in Pennsylvania, Ohio, Alabama and the Pacific Northwest, these great manufacturing plants are in production or soon will be.

One of the major defense problems has been the attempt to provide adequate housing. The United States had during

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the depression years lagged far behind in home building. Now the need is pinching. While many new training camps were being built for the reservists called to the colors and for those inducted through conscription, it has also been necessary to build much emergency housing for defense workers. In some isolated places where factories are being built for particular reasons, the housing problem is fantastic. Automobile trailers have housed whole towns of workers in many instances. In other cases, workers drive from 30 to 50 miles morning and night from their homes to their jobs.

Despite the immense incentives of rising wages and labor shortages, plus the lack of union recognition and organization in many fields, there have been remarkably few strikes. And such strikes as there have been have had uniformly brief duration. There were only about half as many strikes in 1940 as in 1937, the last peak year of business activity, involving fewer than one-third as many workers and fewer than one-fourth as many man-days of idleness. The number of men involved in strikes was about half as great during the first six months of the defense program as when the United States was actually at war twenty-three years ago, despite the greater industrialization and organization that have intervened.

Although the statistics are encouraging there is every likelihood that labor unrest will affect vital industries in coming months. Many of these industries are as yet unorganized, and probably most of the strikes will be for union recognition. Wisely, President Roosevelt has given the nation's ablest labor leader, Sidney Hillman, coordinate authority at the head of the National Defense Commission. Because collective bargaining in the United States shows such a "social lag" compared with Britain or Scandinavia, strikes for recognition are to be expected. Strikes for higher wages are an inevitable concomitant of a generally expansive period. The conciliatory and arbitral facilities of the Federal Government are daily at work in settling strikes. Doubtless labor will make many forward strides in unionization in coming months. That the process should come during a period of patriotic unity is all

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to the good. An atmosphere of conciliation and reasonableness pervades the more responsible leaders in labor and employer groups alike. At the same time, many unions are in the hands of virtual gangsters and must be purged, while many employers resist the coming of collective bargaining. The auspices are for a period of lusty evolution, with the net result in the end likely to be an all-round social gain.

If one looks beyond the emotional debates in Congress, searches the real heart and determination of the American people, one sees a nation really unified, genuinely determined on the defense of democracy, and certain that Britain is its chief bulwark. Few, indeed, agree with the Lindberghs that it makes no difference which side wins in Europe. And those few are motivated either by an old prejudice against Britain, or follow the Communist party line blindly, or have an anti-Semitic and pro-Nazi twist, or have—as the Lindberghs seem to have done—lost their concept of moral values in the dazzling might of Nazi mechanistics.

To most Americans the moral values are still high. They realize that Britain is fighting for the brotherhood of man, essentially, and this is an ideal in which they share. The only significant division in American thought turns on actual belligerency. An increasing number of leaders would advocate full entrance into the war at once. But the larger majority prefer—in their present mood—to continue being the arsenal of democracy. The financial sacrifices of this course will soon be evident in higher taxes, but the nation is ready. And the ultimate economic effects of our vast industrial expansion are disturbing. Yet we are going ahead.

We realize that the immediate issue turns on Britain's ability to hold out in the coming weeks. The British people, whose gallant battle thus far has gained the prayerful and sincere admiration of all Americans, hold our fate in their hands. Most of us know this, but we do not see that immediate entrance into the war would necessarily help a great deal. Meantime we enlarge our arsenal and we pin our fate on the resolute and calm defense of the British nation.

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III

LORD LOTHIAN'S death, as everyone now must know, reminded us of his very great stature, and brought the British and American people still nearer together. The measure of his achievement came only when we realized he was gone. He had helped to bring us into closer understanding than we had been since 1918, and Lord Halifax took up the task under the most splendid auspices. Perhaps your correspondent, as one who was in close touch with Lord Lothian throughout his mission here, may record his opinion that the Ambassador's illness was directly connected with the intensity of his labours here, that it was treated with the sort of therapeutics upon which Lord Lothian had leaned for a quarter of a century, and that he passed on peacefully with old friends close at hand.

Lord Halifax's start in Washington could not have been bettered. He established at once the best sort of relations with public officials, as was to have been expected, but he also got in friendly contact with the extensive Washington press corps and gained its confidence just as Lord Lothian had done. Such traces of Munich as mistakenly clung to him in American opinion began to blow rapidly away. With the aid of his Ministers, Sir Gerald Campbell and Mr. Neville Butler, and the widespread coordinate activities of the Purchasing Mission, the British liaison with Washington is as close and fruitful as it has ever been or it could reasonably hope to be. And the best contacts of all are furnished by the American correspondents and radio commentators in London, who tell us all, daily and hourly, of Britain's heroic fight.

United States of America,
February 1941.

COMPLICATIONS IN INDIA

I. A NEW PHASE

THE intractability of the Indian constitutional controversy has been greatly complicated by Mr. Gandhi's campaign for freedom of speech to oppose the war effort. Indians of all political persuasions have never faltered in their condemnation of Nazi and Fascist aggression, and there is something paradoxical in the spectacle of Congress party leaders courting arrest by advising their countrymen to refrain from assisting the war effort. The situation reflects the remarkable hold which Mr. Gandhi exercises over the party, and emphasises the lack of alternative leadership which prevails. Congress contains many of the ablest Indians figuring in the current political life of the country, but they are unwilling to associate themselves with policies of which Mr. Gandhi disapproves, and are even prepared to endorse policies which they themselves regard as impracticable. In voluntarily accepting Mr. Gandhi's invitation to court arrest the Congress leaders blame the British authorities for the situation in which they now find themselves, failing to note that their own shortcomings as political tacticians are largely responsible for the predicament which now confronts the country.

The Congress case is simple enough. Its leaders ask that the Central Government should be reconstructed so that it will command the confidence of elected elements in the Central Legislature. Granted reconstruction of the Government on this basis, the party is prepared to assist in winning the war. Its leaders maintain that the proposed reconstruction is not intended to effect important constitutional changes in war-time, although the proposal to create a Viceroy's Executive Council that will be responsible to the Indian Legislature and not to the British Crown appears to go to the very roots of

A NEW PHASE

that constitutional controversy which has been the subject of disputation in India for nearly twenty years. This claim for a National Government is made on behalf of Indians as a whole, although it tends to side-track the opposition to the proposal which exists, and ignores the varied and varying reasons which prompt other political elements to oppose the demand. It is a fact beyond dispute that the Moslem League opposes any reconstructed Central Executive if it implies that power will vest in the hands of the majority community, and the Congress contention that such opposition violates the first principles of the democratic theory does nothing to alter the certainty of this Moslem opposition. Even lesser minorities do not look placidly on the prospect of democratic government in India at the present stage of the country's political development, and the Congress case is thus weakened by the fact that the national entity which is claimed by the party to exist does not exist in such a form as to enable it to accept the reins of government from British hands.

Paying regard to these considerations, the British Government's proposals for a war-time transitional settlement offered to expand the Viceroy's Executive Council by including party representatives, and it aimed at achieving all-India unity by creating a War Advisory Council, with members from the Indian States as well as British India. The scope and functions of the Executive Council would remain virtually as they are, disposing of the need for fundamental changes in the existing constitution; the War Advisory Council would deal primarily with war matters, offering opportunities to Indians for a greater collaboration and co-operation among themselves than is at present available. The principal purpose underlying both proposals is to secure the closer association of Indian opinion with the prosecution of the war, and to encourage that degree of compromise between conflicting interests which might lead to more constructive policies in the constitutional field than has hitherto been found possible. Neither the Congress party nor the Moslem League has been persuaded to accept the proposals, although other minority elements express their

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willingness to co-operate. It is true that the leaders of the two main organisations have indicated that their rejection of the offer was made for the reason that it did not imply genuine responsibility at the Centre, but it should be appreciated that contrary aims prompted their decisions. The Congress leaders frankly refused the offer because it did not mean the substantial transfer of power to Indian hands; the Moslem League refused it because it feared that such preliminary transfer of power as was inherent in the proposal would ultimately lead to a position in which the Moslem community might find itself in subservience to the Hindu majority.

The political environment which prevailed when this situation was reached found the Congress party out of office in those Provinces where they had previously formed Governments, and it revealed that the Moslem League was unwilling to see Congress Ministries restored, unless some new arrangement were made for ensuring that the minorities had more influence on ministerial policies in the Provinces. The communal problem, which in the past has been rooted in religious, social and cultural antagonisms, was found to have assumed a new form, in which a struggle for political power was predominant. Thus at the very time when Congress spokesmen were urging the British authorities to relinquish power to the Indian people, representatives of the Moslem League were emphatically declaring their unwillingness to accept the form of government which would inevitably flow from such an act.

II. MR. GANDHI'S POLICY

FROM the opening of the war Mr. Gandhi has clearly shown that he has no use for Hitlerism, and in his first interview with the Viceroy after war broke out he indicated what his distress would be if the historic places of London were to be destroyed by enemy action. But for nearly a generation Mr. Gandhi has been slowly evolving that philosophy of non-violence in which he sincerely believes and which he now seeks to apply to international affairs. It was

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something of a shock to him to find that prominent members of the Congress party were prepared to assist the British war effort by the use of armed force, and he actually stood aside from the leadership of the party when he found that his proposal to apply non-violence to Hitlerism was not acceptable to the majority of his followers. Those leaders who temporarily supplanted him then made new proposals, which aimed at inducing the British Government to make constitutional concessions in return for Congress collaboration in the war. But the authorities were unable to meet the demand for a National Government of the kind sought by Congress, partly because it cuts at the roots of the present constitutional system and partly because it raises graver problems than it solves.

This new quandary resulted in party leadership once more vesting in Mr. Gandhi, and he sought an interview with the Viceroy mainly to discover if British policy was not calculated to bring about the extinction of the party. While expressing his unwillingness to embarrass the British war effort, Mr. Gandhi made it clear that he regarded it as essential that Congress men should be left free to give full expression to their views about the war, provided that such expression was fully non-violent. From this emerged Mr. Gandhi's claim for freedom of speech for Congress men who opposed India's participation in a war violently conducted. The rights legally permitted to conscientious objectors in Britain were not regarded by Mr. Gandhi as adequate to meet the case in India; nor did he think that the Congress desire not to embarrass the war effort could be made into a fetish which denied the party's creed of non-violence. As Mr. Gandhi said, Congress "never intended to carry non-embarrassment to the point of self-extinction, or, in other words, stopping all national activities which are designed to make India peace-minded and to show that India's participation could not benefit anyone, not excluding Britain".

The application of Mr. Gandhi's non-violent theories to the war has added to the difficulties of finding a solution for the political deadlock. Only a handful of Gandhian adherents

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believe that non-violence can be applied to Nazism, and Mr. Gandhi's policy does not reflect Indian opinion towards the war, not excluding Congress opinion. Other Congress leaders had clearly shown their willingness to assist the war effort when they sought constitutional changes that would enable them to do so. Mr. Gandhi never favoured that course. From the beginning he has been prepared to give moral support to Great Britain, believing Hitlerism to be an evil thing, but it is clear now that his support was never intended to mean support in men, money and material. Finding that his followers were prepared to give such support, Mr. Gandhi proceeded, in the interests of non-violence, to exert that disciplinary control over his followers which has long mystified outside observers. As a result those men who in return for political concessions were prepared to support the war effort presently found themselves going to jail for opposing it. As Mr. Gandhi will apparently oppose war support being given by any Government that may be in power, he has complicated the prospects of a solution that would enable Congressmen in particular to find a place in the administration.

III. THE MOSLEM POSITION

THE war has transformed Indian politics in another direction. When war broke out, the country had embarked on that scheme of provincial autonomy which was the first stage in a programme designed to bring the Indian States and British India into association under Federation. In British minds the federal project has largely been regarded as the penultimate step in the procedure by which India is to attain its place on an equal footing with the other Dominions in the Commonwealth. The Indian Princes had not agreed to federate when war broke out, a fact which created the anomalous position of keeping the Central Government under the bureaucratic system while the Provincial Governments were enjoying a very full measure of self-government. Much of the present difficulty is due to this factor. The Congress Provincial Governments were un-

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willing to associate themselves with the prosecution of the war in the absence of greater popular control at the Centre, but their decision to vacate office in the Provinces exposed a new political tendency among the Moslems, which is likely to have far-reaching consequences in the future.

The Moslem League has emphatically declared its intention to oppose any Central Government that may be based on the ordinarily accepted principles of democracy. It is true that the Act of 1935 is to be reviewed in all its aspects after the war, but many political commentators incline to the opinion that it will still remain as a kind of text-book for the new post-war approach to constitution-making, in which Indians will play a more prominent part than heretofore. But the departure of Congress Ministries became the signal for a Moslem campaign against their return, at least on their former footing, and the Moslem League frankly asserts that it will not agree to any constitution that is founded on majority rule. Much of the Moslem opposition is unreasonable; they appear to be satisfied enough with the present Act as it applies to those Provinces where they have majorities. Nevertheless the League, under the leadership of Mr. M. A. Jinnah, has consolidated its opposition to the democratic principle being applied to India as a whole, and at present takes its stand on a policy that seeks to partition the country between the two main communities. The idea of creating Pakistan, representing areas of India in which the Moslem will have dominion, has been expressed in a variety of forms; all have a common feature in that they aim at making a distinction between Moslem and Hindu India, save in regard to a few subjects of common concern to both. Non-Moslem opinion generally regards the proposal as impracticable, and there is ample evidence that the Pakistan project is inconsistent with British policy, which seeks to maintain and consolidate the unity of the country.

The proposal, if persisted in by the Moslem League, is certain to add to the difficulties of post-war constitution-making. Leaders of the Congress party would like the British authorities to condemn the Pakistan scheme outright, on the ground

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that it aims at the political division of India. But there are Moslems of moderate political views, such as Sir Sikander Hyat Khan, Premier of the Punjab, who have made proposals for another form of Federation than that envisaged in the Act. There are some who think that the apprehensions of the Moslems "might be largely met by a further increase in the powers of the Provinces, possibly rearranged and regrouped, subject only to a minimum control necessary to secure some measure of unity in foreign, defensive, and economic policy". Holders of such ideas do not necessarily favour the division of India, and it is clear that, if important Moslem elements think along these lines, they have every right to bring forward their views for consideration during the post-war review of the constitution. The British Government has clearly stated that its intention is to assist India towards Dominionhood, and there is scope for various schemes within that limit. The Congress party has no warrant for the assumption that British failure to condemn the Pakistan proposal implies acquiescence in it. Indeed, the whole aim of British policy in recent years has been to unify the country, whatever may be the legacy that the past has bequeathed through panderings to communal considerations.

The fact remains that the Moslem League will not accept the Congress demand for independence if it means majority rule. This does not mean that the League is satisfied with the present constitutional position; but it does mean that some agreement must be reached between the two main communities if unity is to be achieved. It is lack of leadership in both camps which prevents a settlement of this fundamental problem. Congress leaders are ignoring the issue when they say that the League attitude means a veto on all constitutional advance; they are basing their condemnation on a premiss which the League leaders do not accept. Some Congress spokesmen assert that Mr. Jinnah's claims should be ignored, but it is impossible for the British to do so, for the valid reason that the Moslem League does not ignore them. It may be that a settlement would be easier of accomplishment if another leader

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existed in Mr. Jinnah's place, but the League appears to have sufficient confidence in him to give him a mandate to settle these matters. Whether the Moslems as a whole will persist in the scheme for dividing India cannot be determined until negotiations for constitution-making have begun, but there are ample signs in Moslem circles that a Federation of another pattern than that outlined in the Act of 1935 is not outside the range of possibility.

IV. PROSPECTS OF A SOLUTION

THE immediate problem is to find an outlet from the present stalemate so that India may bring her full weight to bear on the war effort, and it is satisfactory to think that all political camps are in favour of finding a solution. Two proposals hold the field. The British are prepared to expand the Viceroy's Executive Council and create a War Advisory Council; the Congress leaders ask for a National Government enjoying the confidence of the people of India. The dovetailing of these proposals is not regarded as impossible, although the Moslem League cannot be ignored in any arrangement that may be made. That Congress opinion would like to see a compromise between the two proposals is reflected in the *Hindu*, of Madras, which recently wrote:

The demand for a National Government enjoying the confidence of the people of India as represented in the Legislature has been often twisted in official circles into a demand for the immediate recasting of the Constitution with a view to establishing a Government legally responsible to the people. Those who have taken this line do not apparently realise that even while the Government of the country continues to remain in law responsible to the Crown it may function in fact as a Government amenable to the will of the people. This is the substance of self-government which can and should be made available to India forthwith and which, if given, may induce in Britain's promises a faith which is now entirely lacking. If the right spirit is there, no one will bother overmuch about the letter.

Behind this comment lies the suggestion that what the

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Congress party demands could be met by what the British Government has offered. At the same time nearly all Congress comment has indicated that the expanded Executive Council should be responsible to the Legislature and not to the Crown, and when Sir Tej Bahadur Sapru, in a statement, disagreed with this view, he was criticised in Congress newspapers as having failed to appreciate the implications of the Congress demand. Sir Tej Bahadur Sapru, however, also indicated that there is dissatisfaction in India with the manner in which the Executive Council is functioning; he implied that it is essential that the Council should function on the principle of collective responsibility and suggested that that method has lately fallen into abeyance. It is true that the constitutional changes brought about by the Act of 1935 have necessitated consequential changes in the working of the Council, but not to the extent which many Indians think. The Congress case appears to be that the addition of party representatives to the Council does not in itself imply the assumption of responsibility, especially if the new members are merely to be heads of state departments, with little or no say on wider issues, regarding either the administration or the war.

The opinion has been expressed in Congress circles that the Viceroy, by reason of the new powers he has assumed pending the establishment of Federation, is less dependent than formerly on the advice of his Council. But the fact remains that India, in the last analysis, is still administered by the Governor-General-in-Council, and it is obvious that if popular representatives become members of the Council they are bound to have an important influence on policy. There are naturally special fields in which the Viceroy must continue to act at his discretion, but in the day-to-day administration he is unlikely to act against the wishes of his Council. The working of the Centre under the Act of 1935 is still a scheme in which the administration is vested in a single corporate body, in which each member is individually and collectively responsible for the Government's administrative policy as a whole. The only power reserved to the Governor-General, as distinct from the

THE EASTERN GROUP

Governor-General-in-Council, is "whenever any measure is proposed before the Governor-General-in-Council whereby the safety, tranquillity, or interests of British India, or of any part thereof, are or may be, in the judgment of the Governor-General, essentially affected". In such circumstances the Governor-General, in spite of the opinion of his colleagues, may adopt, suspend or reject the measure in whole or in part. But in every such case any two members of the dissentient majority may require the fact of their dissent to be reported to the Secretary of State for India. Thus it is clear that members of the Viceroy's Council are something more than mere departmental heads; they are jointly and severally members of a unitary central government.

The confusion which exists in India regarding the scope and functions of the Viceroy's Council is partly responsible for the present deadlock. An approach to the problem along lines which correctly interpreted the powers which vest in the Council might do much to alleviate a situation which all parties deplore. But it is clear that Mr. Gandhi, with his ideas of applying non-violence to Hitlerism, is not likely to be helpful in finding a solution along these lines; while Mr. Jinnah will have to be convinced that in entering an expanded Council he is not stultifying the position of the Moslem League in any demands it may have to make regarding the position of Moslems in the future constitution.

V. THE EASTERN GROUP

ALTHOUGH Indian interest is inevitably centred on the constitutional controversy, the extension of the war in an easterly direction has given new reality to the Nazi-Fascist menace. It was recognised from the first that the intervention of Italy would create new military complications of vital significance to this country, whose first line of defence lies in those regions which encircle the Suez Canal. To keep that defensive zone intact has long been regarded as essential to the security of India, and new emphasis has been given to this

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factor by the possibility (which, thanks to the Royal Navy, has not so far materialised) of British communications in the Mediterranean being severed. British preoccupations with the defence of the home country have immeasurably added to the obligations of the other units of the Commonwealth, and those lying east and south of Suez have agreed among themselves to undertake the task of augmenting the general war effort by endeavouring to make themselves self-supporting in war supplies.

The proposal to procure this self-sufficiency emanated from the Viceroy, Lord Linlithgow, found sanction from the British Government, and secured the collaboration of Australia, New Zealand, South Africa, Burma, Ceylon, Southern Rhodesia, the territories represented in the East African Governors' Conference, Hong Kong, Malaya and Palestine, in addition to India. A conference was convened and held in Delhi at which the delegations from these countries recommended their respective Governments to support a proposal for establishing an Eastern Group Supply Council with headquarters in India. The aim of the Delhi Conference was to relieve Great Britain of such of her war burdens as could be borne by the participating countries, which are expected to develop their own resources to meet their own war needs and to supply in ever increasing measure the war needs of Great Britain. The delegations declared their respective strengths and weaknesses in war resources, so as to see how far the deficiencies of one country could be met from the actual and potential resources of the others. Planning and rationalisation over a wide field were examined, and the Conference finally prepared a joint war-supply policy for the Eastern hemisphere, which will be put into effect by the new Supply Council. This Council will contain delegations from Great Britain, Australia, South Africa, New Zealand and India, together with a representative of the Chief of the Imperial General Staff, while the other British territories in the East will have access to its proceedings.

Associated with the Delhi Conference was the British Ministry of Supply Mission which, under the chairmanship of

THE VICEROY'S WAR PURPOSES FUND

Sir Alexander Roger, visited India for the purpose of examining the effective steps which needed to be taken in India to expand the production of munitions and other war supplies. This mission had already made a survey of the Indian industrial field, and gave valuable advice to the Government of India about future policies for bringing the country's war output up to maximum capacity. The Conference clearly brought out what needed to be done in the East for overcoming deficiencies and for developing the war capacities of the participating countries, particularly in regard to the maintenance of forces in the Middle East. The Conference's findings were secret, but enough has been made public to indicate that the British territories in the East, particularly Australia, are about to play an even more important rôle than hitherto in securing a British victory.

India,

December 1940.

THE VICEROY'S WAR PURPOSES FUND

Contributions to this voluntary fund are still being made at the rate of £127,500 a month. At the end of January the fund amounted to nearly £2¼ millions. The following list shows the main purposes for which it has been used.

	£
Purchase of aeroplanes for the Air Forces of Great Britain and India	825,000
Lord Mayor of London's Air Raid Distress Fund	113,000
British Exchequer	76,000
King George's Fund for Sailors	52,000
St. Dunstan's	32,000
British Red Cross	24,000

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I. REPAIRING THE DAMAGE

IN the first two months of concentrated air-raids, London bore almost the whole brunt of the *Luftwaffe's* attack. In the last three months the raids on London have been more sporadic, and other cities—Coventry, Birmingham, Bristol, Southampton, Manchester, Sheffield, Merseyside, Cardiff and Portsmouth, besides anonymous places—have all in turn suffered one or more nights of intense bombing. In all of them the bombed have shown a courage which deserves the highest praise. In almost all of them the problems of London—the complete lack of plans for the welfare of the bombed—have reappeared.

Nevertheless, in the same period there has been a marked advance in the social side of civil defence. The number of the homeless at London's rest centres had already declined considerably by Christmas—though it is possible that even then the decline was due as much to the falling off in air-raids as to the better organisation of rehousing, and it remains to be seen whether a resumption of large-scale, continuous attacks will throw everything into confusion once more. Attempts, too, are being made to straighten out the difficulties of the reception areas, and to enforce compulsory education in the raided cities. And there is a noticeable improvement in London's big public shelters. Queues have been abolished; there are bunks for almost half a million people, and nearly all big shelters have a medical-aid post with a doctor at hand or in attendance. This does not mean that shelter conditions are satisfactory—sanitation is in most of them still very inadequate—but most of the major abuses have been removed. Powers have been given for the immediate removal to hospital of infectious persons; no longer should it be possible to see the

REPAIRING THE DAMAGE

sick—including the tuberculous—herded together with the healthy in conditions which left those of the worst slums far behind. Moreover, by the greatest good fortune the dreaded epidemic has stayed its hand, and the health of the nation remains remarkably good.

Part of the improvement in shelters has been due to changes in shelter administration. Previously there had been no clear responsibility for running the shelters; it had been divided between the Ministry of Home Security, the Ministry of Health, the local authorities and, in the case of the Tube stations, London Transport. In January, however, it was announced that henceforward, while the Ministry of Home Security would continue to be responsible for providing shelter accommodation, all responsibility for running them would devolve on the Ministry of Health. But, by an important precedent, the Ministry of Health would delegate its powers to the Regional Commissioners, as had always been done by the Ministry of Home Security in providing shelters and in all A.R.P. matters. Thus, though there is still duality of responsibility for shelter policy, the executive responsibility is in one pair of hands—the Regional Commissioner's, with the local authorities acting as his agents.

Progress has also been made with the Government's War Damage Bill, which seeks to provide by a national scheme an adequate method of compensation for all who have suffered material damage from enemy action. The Bill has not yet completed its passage through the House of Commons, but it does not appear that its main proposals will be altered except in detail. Briefly, it provides that all owners of immovable property, in vulnerable and safe areas alike, must pay a premium of 2s. in the pound on the annual value of the property as assessed for Schedule A of the income tax. The premiums will be collected over five years and will cover damage up to August 31, 1941, that is, as the scheme will be retrospective, for two years of war, at the end of which time the position will be reviewed. Provision is made for the liability to contribute towards the premium of the different interests of tenant, landlord

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and mortgagee. The most lively discussion has taken place on the different kinds of compensation. Where the building is only damaged, and the cost of repair would not be more than the value of the property after the work has been completed, the owner will be given a cost-of-works payment—the actual cost of repair at the time the work is done. But if a building is completely destroyed or so badly damaged as to make the cost of repair exceed the value of the property when it is finished, the owner will be given a value payment—a sum equal to the diminution in the value of the property as a result of the bombing. But the diminution is to be calculated on the value of the property on March 31, 1939; and as the value payment will, therefore, probably be out of all relation to the cost of building after the war, it is not surprising that criticism has focused on the distinction between the treatment of the unfortunate property-owners whose houses are completely destroyed and those who have only suffered repairable damage. Payment in either case is to be deferred until after the war, unless the replacement of the property is urgently necessary in the national interest, as determined by a War Damage Commission, in which case compensation is paid when the work is carried out. If the damage in the whole country exceeds £200 millions, the expected total of the five years' contributions, the State will pay the excess up to an additional £200 millions, after which the State and the contributor will share the burden equally.

The Bill also provides for the compulsory insurance of plant, machinery and equipment of businesses, thus extending the existing scheme for the insurance of commodities to all movable assets, and for a voluntary scheme for the insurance of private chattels. For this latter scheme the premium suggested is 30s. per cent., and a person will be able to insure his belongings up to £1,500 plus £500 for a motor-car. The criticism is made that this scheme, being voluntary, will not be adopted by people in safe areas and that the premium will consequently have to be at this high rate, which may prevent many poor people in the vulnerable areas from taking advantage of it.

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But any form of compulsory insurance of personal belongings would at once come up against the enormous difficulty of valuation; and it is generally felt that the voluntary scheme is the only practicable course, though the Chancellor of the Exchequer has promised to re-examine the proposals for a compulsory scheme with an open mind.

The present scheme of free Exchequer grants for necessary clothing and furniture to persons of limited incomes will not be affected by the new Bill. On the other hand, an important change has been made in the scheme of compensation to civilians injured by enemy action. Previously, compensation was given to civil defence workers injured or killed in the performance of their duties and to other civilians who were gainfully employed, but the scheme has now been extended to the whole adult population, and increases in the rates of temporary injury allowances have been made.

The fighting side of civil defence has continued to work admirably. But the fire-raiding, which culminated in the attack on the City of London on the night of December 29, when Guildhall, eight Wren churches and other historical monuments were destroyed, disclosed a weakness, not in fire fighting—the courage of the London Fire Brigade and the Auxiliary Fire Service was unsurpassed—but in fire prevention. It is almost certain that the havoc in the City would have been far less if there had been more watchers to detect and deal with the incendiary bombs before they had time to cause fires. There was, it is true, a Fire Watchers Order, but its meaning was ambiguous and in any case it had not been generally enforced. Since the Great Fire, the Government has worked out a scheme, half compulsory, half voluntary, for protecting all premises in prescribed areas against fire bombs. Under the new Fire Prevention (Business Premises) Order, all occupiers of business premises, large or small, in the areas to which it applies, must submit schemes for detecting and dealing with fire bombs to the appropriate authority—the Government Department concerned for war factories, the Ministry of Labour for big factories, and the local authority for small

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factories, offices and shops. If the scheme demands the presence of some member of the staff on the premises during an alert, as in most cases it will, then an obligation lies on all members of the staff, employees and management alike, to do 48 hours of duty a month, though provision is made for exemption in cases of special hardship and for members of the Home Guard and civil defenders.

There is as yet no compulsion to form similar schemes for dwelling-houses. But the occupiers are being urged to form voluntary parties for protecting their neighbourhood. If enough volunteers are not forthcoming to provide adequate schemes, the local authorities can be empowered to conscript for such duties all men between the ages of 16 and 60 who are resident in the area, though here again provision is made for exemption in certain cases.

II. CONSCRIPTION OF CIVILIANS

IN the absence of fire-raiding on a large scale since this, perhaps necessarily, piecemeal scheme became operative, it is difficult to say how effective it will be. Its chief interest so far lies in the fact that it was the first instance of the use of the Government's powers over persons for non-military purposes; it had hitherto been a firmly held principle that civil defence service should be voluntary, even though this meant in practice that some areas were understaffed.

At the same time as the Government modified the voluntary principle in its civil defence policy, it accepted the principle of industrial conscription. For some time opinion in the press and Parliament had been demanding the application of the Government's powers in its policy of mobilising manpower. These demands had been steadily resisted—Mr. Bevin's attitude was that he preferred to be a leader to being a dictator—and when Parliament adjourned before Christmas, the voluntary principle was still to be the means of securing a million workers for the munition industries in the course of the present year. It was not that the advocates of a more positive policy

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wanted the use of compulsion for compulsion's sake, or that they wanted the Minister of Labour to order the requisite numbers of workers to leave their present occupations at a moment's notice and proceed forthwith to a munitions factory. But they urged that the two existing methods of recruiting workers—the Board of Trade's Limitation of Supplies Orders, which, by cutting down the amount of non-essential goods that manufacturers can supply to the retail trade, encourages them to reduce their staffs, and the Ministry of Labour's training centres—were quite inadequate to supply the man-power wanted. By the former method some 75,000 to 100,000 workers only might be released in the course of the next few months from non-essential work. The latter method is a relic of the days when a surplus, not a shortage, of labour was the problem; it offers no inducement to workers to leave their jobs to be trained for munition work, and even if the centres were completely full, they could not train more than some thousands in a year.

So adamant, however, had Mr. Bevin been on the issue of industrial conscription that his conversion, announced in the House of Commons the day Parliament reassembled after the Christmas recess, came as a surprise. His speech was, in effect, a statement on behalf of the Government in defence of its economic conduct of the war; as far as was possible without giving exact figures, he gave a satisfactory account of the progress made in the output of ammunition and weapons, aircraft, and naval and merchant tonnage, an account which was endorsed by Mr. Churchill on the following day. But it was Mr. Bevin's views on man-power which were most eagerly awaited. He defended his previous attitude towards the use, or rather non-use, of his powers by saying that he always regarded them as sanctions in the background. He agreed, however, that the time had come to face the problem of obtaining a great recruitment of labour from persons in non-essential occupations and from the unoccupied. There is, therefore, to be a careful survey of many forms of occupation in order to release men for fighting or war work and to replace men by

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women wherever possible. This comb-out is to apply to the Army non-combatants too—in Mr. Churchill's words "the Army and the Air Force . . . have a great need to comb their tails in order to magnify their teeth". A plan for industrial registration by age-groups, from which men and women will be called up to serve the country in national industry, is also being worked out.

Along with the new drive to find labour for war work there is to be a big expansion in the Army. By a new Proclamation men aged 18-19 and 37-40, the only classes covered by the National Service (Armed Forces) Act who have not yet registered for military service, will be called upon to do so in the near future. Moreover, an important statement accompanying the Proclamation said that henceforward men will not be retained in their present employment, under the Schedule of Reserved Occupations, unless the work they are actually doing is of greater national importance than if they were in the armed forces or direct war industries. Hitherto, by making the test of exemption a man's occupation rather than his work, the Schedule has meant that many men were retained in work of little or no national importance because they were occupationally exempt; it has also, by providing an official excuse for job-clinging, been a psychological hindrance to transfers to war work. On the other hand, men who were really doing important work for their firms have been called up because by occupation they were not reserved.

It is too soon to estimate how successfully the nation's man-power will be mobilised by the new policy or even how the policy will be implemented in practice. So far, matters are still at the discussion stage between Mr. Bevin, the trade unions and the employers, and industrial registration is still in the background. But at last it has been officially recognised that man-power to equip the fighting services must be recruited in as methodical a fashion as for the fighting services themselves.

This change in the Government's man-power policy followed hard upon a change in the organisation of the work of Ministers under the direction of the War Cabinet. The Production

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Council and the system of governmental committees were described in *THE ROUND TABLE* for September 1940.* Early this year the Production Council gave way to the Production Executive, consisting of the Minister of Labour as chairman, the Minister of Aircraft Production, the First Lord of the Admiralty, the Minister of Supply and the President of the Board of Trade. In its functions there is little fundamental difference between the new Executive and the old Council. The chief difference is in the supersession of Mr. Greenwood, Minister without Portfolio, by Mr. Bevin, Minister of Labour. Mr. Greenwood's chairmanship of the Production Council had been singularly ineffective, and he has now been given the task of studying the problems of post-war reconstruction in preparation for the establishment of a Ministry of Reconstruction at a more propitious date. It was certainly wise to postpone the establishment of a full-blown Ministry in wartime, the drawbacks of which were discussed in an article in the last issue of *THE ROUND TABLE*.† But very few details have yet been given of Mr. Greenwood's functions or of the means he will have at his disposal. His job, as outlined by Mr. Churchill, is "to plan in advance a number of large practical steps which it is indispensable to take if our society is to move forward, as it must. . . . There certainly will be four or five great spheres of action in which practical and immediate advance may be made if we can continue on the morrow of the victory to act with the unity which we shall use to bring that victory."

In addition to the new Production Executive under Mr. Bevin, an Import Executive has been established, consisting of the Ministers responsible for the main importing Departments—the Ministry of Supply, the Ministry of Aircraft Production, the Admiralty, the Ministry of Food and the Board of Trade—with the Minister of Supply as chairman and the Ministries of Shipping and Transport as its agents. The object of the Import Executive is "to animate and regulate the whole business of importation"—its significance is measured by the

* No. 120, September 1940, p. 881.

† No. 121, December 1940, p. 37.

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heavy attacks on British merchant shipping and ports. The work of the two new Executives and of the existing Cabinet committees on civil defence, food policy and home affairs will continue to be co-ordinated by the "Steering Committee" under the chairmanship of the Lord President of the Council, which also shares with the Import Executive the work hitherto done by the Economic Policy Committee. The Economic Survey under Lord Stamp, which reported to that Committee on all matters connected with the economic conduct of the war, has been wound up, as its work is now completed.

In the man-power debate Mr. Churchill gave a spirited defence of his War Cabinet and system of Executives and Committees. Critics did not fail to point out, when the new arrangements were announced, that Mr. Bevin and Lord Beaverbrook now had the triple functions of members of the War Cabinet, heads of Departments and membership of the new Production Executive—Lord Beaverbrook is on the Import Executive as well. Mr. Churchill, however, claimed that a War Cabinet composed of men free from departmental duties was a myth, because in practice there would always have to be discussion with the heads of the Departments after a decision had been taken. He agreed that as Minister of Defence he himself represented the three Service Ministers in the War Cabinet, but he argued that as he was also Prime Minister he could exercise his general function of superintendence and direction without treading on their toes, whereas a similar Minister on the civil or economic side would not have any real authority—he could co-ordinate, but he could not direct. The implied argument, in fact, against a non-departmental War Cabinet and a Minister of Economic Policy was shortage of ability—a lack of capable men to staff both a War Cabinet and the various Ministries—and, as the machinery must be made to fit the available man-power, it must be accepted as the best possible in the circumstances.

Besides the changes in the organisation of the Government, there have been changes in the Government itself. The vacancy at the Foreign Office caused by Lord Halifax's appointment as

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Ambassador to Washington in December was filled by Mr. Eden, who thus returned to the Department with which his name was always associated. His place at the War Office was taken by Captain David Margesson. This was a surprise appointment, for Captain Margesson had formerly been the Conservative party's Chief Whip, the duties of which he had carried out so efficiently that he was generally considered to have been one of the chief instruments in keeping Mr. Chamberlain's Government in office for so long. More changes were made in February when the untimely death of Lord Lloyd caused a vacancy at the Colonial Office. He was succeeded by Lord Moyne, who is associated with the new Colonial Development and Welfare Fund, announced a year ago as the result of the report and recommendations of the West India Royal Commission of which Lord Moyne was chairman. But an appointment, which was as much of a surprise as the elevation of Captain Margesson, was the translation of Mr. Malcolm MacDonald from the Ministry of Health to be High Commissioner in Canada. Although at first sight his new position seems a poor reward for his undoubted merits, it is actually of great significance in view of Canada's important place in the Empire's war effort. The new Minister of Health is Mr. Ernest Brown, whose position as Secretary of State for Scotland has been filled by Mr. Thomas Johnston.

III. THE GOVERNMENT'S POWERS

PARLIAMENT'S attitude towards the different powers which it has given to the Government for the prosecution of the war is interesting. By the Emergency Powers (Defence) Act of last May, the limitation of the first Emergency Powers (Defence) Act of the war, which prohibited any form of industrial conscription, was removed; and regulations can be made "requiring persons to place themselves, their services and their property at the disposal of His Majesty" for the purposes of the war. Regulation 58A, made under the second Act, authorises the Minister of Labour to direct any person to

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perform any service which, in the opinion of the Minister, he is capable of performing. But this quite unprecedented power has gone quite unchallenged, or the complaint, until Mr. Bevin's conversion, was that it had not been used enough. But, where the Home Front is concerned, Parliament, as was pointed out in last September's issue of *THE ROUND TABLE*,* has always been on the alert to prevent any misuse of the Executive's powers. It has always been willing to see that an extraordinary situation might demand extraordinary measures and consequently has entrusted the Government in advance with the extreme powers it might need for the defence of the realm; but in the absence of extraordinary circumstances, by which was generally understood invasion, it felt that they should largely remain in abeyance.

On the whole, the Home Secretary has refrained from using the more drastic of his powers. Some 1,400 persons have been detained without trial under Regulation 18B (the number still detained at the end of the year was 1,089), but—and it is another instance of Parliament's vigilance—he has had to submit to a barrage of criticism about the long delay before the detained persons have been able to have their appeals heard by the advisory committee. The case of Captain Ramsay provided the occasion for an expression of the growing uneasiness over the administration of the Regulation. Captain Ramsay, who is a member of Parliament, was detained last May and claimed that his detention was a breach of privilege of freedom from arrest. The Select Committee of the House of Commons, however, found that there was no breach of privilege, because for centuries a distinction had been drawn between arrest for civil actions and arrest for criminal acts. Though detention by executive order is different from imprisonment after a trial, the Committee held that the purpose of both is the same—the safety of the community as a whole—and they quoted the Resolution of the Commons of 1641—that "Privilege of Parliament is granted in regard to the Service of the Commonwealth and is not to be used to the danger of the

* No. 120, p. 890.

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Commonwealth". But in giving evidence before the Select Committee Captain Ramsay had complained of the long delay before his case was heard by the advisory committee and of the "tremendous mental ordeal" of his imprisonment, and grievances such as these have been well ventilated in Parliament.

The great majority of the persons detained have been members of the British Union of Fascists, and it appears that no Communist has ever been detained as such. This leniency towards Communism on the part of the Home Secretary has not gone without comment, but on the whole Parliament and people have been content with his attitude. It was recognised that if the Communists were able to raise the complaint of persecution they would probably win more adherents than by all their speeches and propaganda. But, before Christmas, the question was raised whether tolerance was not going too far. In the House of Commons Mr. Bevin admitted that strikes had been promoted in some munition factories by the shop stewards, at the instigation of the Communist party, in direct contravention of the trade-union executives; he added that the stoppages which had occurred were insignificant and that he preferred to let the unions take their own disciplinary action. Also with the co-operation of the Communist party, the so-called People's Convention was held in London early in the New Year in support of a resolution to promote peace offers to the people of Germany.

As no official action had been taken in either of these cases, the suppression of the *Daily Worker* at the end of January came as a surprise. The violence with which it attacked the continued prosecution of the war had on more than one occasion been the subject of a Parliamentary question, but it had not been expected that the Home Secretary would apply to it his powers of summary suppression. By Regulation 2c, if a person is concerned in the systematic publication of matter calculated to foment opposition to a successful prosecution of the war, the Home Secretary can warn the person concerned, who can be prosecuted if he persists in the offence. But under Regula-

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tion 2D the Home Secretary can suppress without warning any newspaper which systematically publishes similar matter, and there is no right of appeal. When this latter regulation was made last summer, it was attacked in Parliament as giving too wide powers over the press to the Home Secretary, and Sir John Anderson, who was then in that office, virtually promised that it would not be used except in days of "dire peril". Criticism of Mr. Morrison's action, therefore, arose not from any sympathy with the *Daily Worker* or the *Week* (a mimeographed publication which pursued the same policy towards the war as the *Daily Worker* and was suppressed at the same time) but from the feeling that he ought to have proceeded against them, or rather against the persons concerned in the publication of them, under Regulation 2C, that is, by warning, prosecution and trial. In this way the papers would have been able to state their case.

Somewhat surprisingly, a motion to this effect in the House of Commons obtained only six votes. The reason was, presumably, the contempt in which the *Daily Worker* was generally held. Members of Parliament doubtless thought that it was not worth while to make a stand for such a contemptible publication, the circulation of which was so small—a disingenuous attitude, for the case establishes a precedent for similar treatment of even the most august newspaper. In defence of his action, Mr. Morrison said that the process under Regulation 2C would take too long. In that case the process should have been begun earlier, for the attitude of the *Daily Worker* had been consistently hostile since the beginning of the war, and it had, in fact, been unofficially warned last July. There was, of course, not the slightest connexion between the suppression of the *Daily Worker* and the adoption of the principle of industrial conscription which coincided with it, as was contended by the one Communist member of the House of Commons, Mr. Gallacher. Mr. Morrison declared that he had no knowledge of Mr. Bevin's proposal when he made his order. But the coincidence, together with the lack of any right of appeal, is enough to arouse a grievance, which

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in dealing with the Communists is the one thing the Government should have tried to avoid. There is every reason why sabotage, whether directly in munition factories or indirectly by propaganda, should be checked and punished; it is quite immaterial if it is at the instigation of the Communist party or not—those concerned should be proceeded against *qua* saboteurs and not *qua* Communists. The Home Secretary's mistake was, in fact, in allowing the *Daily Worker* such a long run for its money; but having tolerated it for so long he was probably unwise in reversing his attitude so suddenly and so uncompromisingly now. The case, therefore, though unimportant in itself, has two important corollaries: it provides a precedent for the use of the most drastic of the Home Secretary's emergency powers, and it is the first instance of any official action being taken in suppression of Communism.

Great Britain,

February 1941.

CANADA

I. ARTHUR JAMES GLAZEBROOK

THE death of Arthur James Glazebrook at his home in Toronto on November 28 removed from this earthly sphere one of the most devoted and loyal friends that THE ROUND TABLE has ever known, and deprived Canada and the British Commonwealth of a citizen who during his long life had given it valuable service in a modest selfless way. At the time of his death he had lived in all more than sixty years in Canada, but, while all his immediate interests were centred in the Dominion, he had in full measure all the exile's passionate love for England, his native land. He was therefore all his life imbued with a strong desire to strengthen the ties between his native and his adopted country, and from this came the impulse to take an ardent interest in the fortunes of this review from its foundation. Indeed he could fairly claim to be one of its founding fathers, and for this reason it seems apposite that some account of his interesting career and arresting personality should appear in its pages.

The Glazebrooks were an old English stock whose original habitat was in Lancashire, but Arthur Glazebrook was born in 1859 in London, where his father, Michael Glazebrook, was a wine merchant. He was sent to Haileybury, but at the age of 17 his educational career was interrupted by some financial setback, which was responsible for the migration of the whole Glazebrook family to Canada. They settled down to farm in the Niagara Peninsula in Ontario, and Arthur Glazebrook always declared that his youthful days on this farm were one of the most valuable experiences of his life and that skill in milking cows was in reality one of his best accomplishments. However, within a few years, a lucky change in their financial fortunes enabled the Glazebrook family to return

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to Britain, and Arthur secured employment in a bank in London.

But he found the atmosphere of the metropolis very uncongenial after the sunlit skies of Canada and the freedom of its woodlands and wide open spaces, and so strong grew his yearning to return to the Dominion that in 1883 he induced his parents to give their consent to his entry into the service of the Bank of British North America, now merged with the Bank of Montreal. So the summer of that year found him working for this bank in its Halifax branch, and he served it diligently and faithfully for seventeen years in other places like St. John (where he found his life partner, *née* Lucy Maclauchlan), Montreal and London, Ontario. He was rising steadily in the hierarchy of the bank when, while working at London in 1900, he was afflicted with writer's cramp, and, as banking then entailed more clerical work than it does to-day, he was compelled to abandon his chosen profession. However, he saw his way to turning his knowledge of banking to profitable account in a new avocation, and he proceeded to establish in Toronto with a partner an exchange-brokerage firm called Glazebrook and Cronyn. Possessing the confidence of the leading bankers of Toronto, he had virtually a monopoly of their exchange business for many years and reaped a comfortable income from his labours.

But after the War a series of mergers among the Canadian banks diminished greatly the volume of their transactions in foreign exchange, and Glazebrook, having lost his partner by death, finally decided to wind up his business in 1934. Meanwhile he had accepted an appointment in the Department of Economics in the University of Toronto as a special lecturer in banking and finance, and to this work he gave his energies during the closing years of his life. He continued to deliver admirable lectures which were very popular with his students until the effects of a serious accident, which befell him in London, first crippled his physical powers and eventually brought him to a state of complete invalidism. So he passed his final days in peaceful seclusion from the world, ministered

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to by a devoted family and taking his chief pleasures in receiving the visits of his numerous friends.

Arthur Glazebrook had been reared a Gladstonian Liberal—"very excellent people they were in their time" he would say—but in Canada his sympathies had in the main been with the Conservative party. However, he was not deeply interested in politics when in the summer of 1910 the late Lord Lothian (then Philip Kerr) and Mr. Lionel Curtis arrived in Canada for the purpose of investigating political conditions in the Dominion and of gaining in particular some insight into the Canadian viewpoint upon the subject of Imperial relations. They had just seen the finish of the task of unifying South Africa and they were anxious to discover what were the prospects of achieving the more ambitious project of Imperial Federation.

They came to Glazebrook with a warm letter of introduction from Lord Milner, who as the result of a close friendship formed with Canon Glazebrook, Arthur's elder brother, during their Oxford days, had long ranked as a sort of honorary member of the whole Glazebrook family, and they received a most cordial welcome. Not only did Arthur Glazebrook constitute himself their guide and cicerone in the plans which were laid for the exploration of Canadian sentiment during their tour, but when the Round Table movement was launched, he became one of its most active spirits in Canada. He took an energetic lead in forming the Toronto groups and carried on an extensive correspondence with people in other parts of Canada for the purpose of enlisting their enthusiasm in the movement. He also undertook the task of representing and gaining circulation for *THE ROUND TABLE* review in Canada, and for many years he was the unofficial head of the committee which made arrangements for the quarterly quota of articles on Canadian affairs contributed to it. At one time he wrote a substantial number of these articles himself; he preferred to concentrate upon financial and economic subjects, upon which he wrote with a sure touch in a very lively style.

In his later years the future of the British Commonwealth

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of Nations and its better organisation for the purpose of coping effectively with the grave problems facing it were the paramount interests of his life.

By many of his Canadian friends he was counted a perfervid Imperialist, and if this description implied a desire for the firmer co-ordination of the political and economic activities of the Commonwealth he would have acknowledged its accuracy; but he had just as little patience with the flamboyant brands of jingo Imperialism as he had with the views of the strait sect of Canadian nationalists, who were continually conjuring up in their imaginations baneful conspiracies in Whitehall for the reduction of Canada to political servitude. During his frequent visits to Britain he was always diligent in explaining to his friends that the growth of the nationalist spirit in Canada need not spell the ultimate dissolution of the Commonwealth, and he had an ingrained dislike of people who prated about the loyalty of the Dominions. Once when a British peer of Cabinet rank, at a dinner in Toronto, indulged himself in some fulsome eulogies of the loyalty of Canadians, Arthur Glazebrook had to follow him. He began quietly by saying how he had listened with pleasure to Lord X's speech and had agreed with most of it and then, looking straight at the exuberant peer, he said, "But I also want to tell him this, that I for one—and I think I speak for others here to-night—would as soon be congratulated upon the virtue of our female relatives as upon our loyalty."

He was always dubious of the wisdom of sponsoring any rigid plan of Imperial Federation at the present stage in the political evolution of the Dominions. He held the view that, when the fevers of extreme nationalism had spent their force as they are now doing, the closer integration of the political and economic structure of the Commonwealth would follow in due course. In the normal partisan warfare of Canadian politics he took a humorous and somewhat contemptuous interest and was fond of classifying himself as a mugwump. Among the politicians he had his likes and dislikes, and he thus prescribed his chosen penalty for one statesman still alive,

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whose conduct continually exasperated him: "I would fain have him see himself exactly as he is and then forbid him to commit suicide." His great political hero was his friend, Lord Milner, with whom he kept up a regular correspondence, and he always counted it one of the happiest experiences of his life when in the summer of 1912 Milner paid a visit to Canada and, after staying as his guest in Toronto, invited him to be his companion on a speech-making tour which took him to most of the important cities of Canada.

Arthur Glazebrook was by temperament an aristocrat, but he was also a practising democrat. He had no fondness for the company of the rich and the great unless they were also clever agreeable people, and he took constant delight in the society of plain folk if he thought them interesting. He had a tremendous sense of personal independence, and on one occasion when a Governor-General sent an A.D.C. with a casual invitation to the effect that he would be glad to see Glazebrook at Government House some time, Glazebrook quietly replied: "Will you please thank his Excellency for an invitation which is far too good for the exchange broker but not good enough for A. J. G."

But, if he was a believer in democracy, he was also convinced that it could only flourish as a system if the mass of the people living under it were reasonably well educated and therefore capable of forming intelligent judgments about public affairs and personalities. It was for this reason that he took a keen interest in the promotion of adult education in Toronto and gave freely of his time and abilities as lecturer to local branches of the Workers' Educational Association. He was also one of the chief promoters of the Bankers' Educational Association, and at one time lectured regularly in the evenings to groups of young bankers.

Arthur Glazebrook was not good-looking in the ordinary acceptance of the term, but there was a distinction about his features, his voice and his general bearing that marked him as a man of quality in any company, and nobody who ever encountered him could forget his striking personality. He had

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lived at the time of his death fully sixty years on Canadian soil, but nobody could ever have mistaken him for anything but an Englishman born and bred and endowed with all the best qualities of his race. He was much given to hospitality of the best kind, and many of his friends will treasure happy memories of pleasant week-ends spent at his country home on the lake-side at Oakville, where he was the most delightful of hosts and the life and soul of the company. Ever a lover of the woods and fields, he was a great walker, and one of the worst afflictions of his closing years was his inability to take his favourite walks in the country-side around Toronto.

He had friends in all spheres of life. He was greatly trusted by leading bankers of Canada, who continually sought his counsel about monetary and financial problems, and there were also important financiers in London and New York who placed great reliance upon his judgment about Canadian affairs. Through these powerful connections he could have had many opportunities of enhancing his own fortunes, but, when one such chance was directly offered him by an American banker, he politely but firmly rejected it on the ground that he preferred not to be under such an obligation as acceptance would have entailed. Through his friendship with Lord Milner and others he had at one time a wide acquaintance among the prominent figures in British public life, and it is well known to his intimates that on numerous occasions British ministers, anxious to secure reliable information about certain Canadian affairs through unofficial channels, had recourse to Glazebrook.

But great and manifold as were his virtues as a citizen of Canada and the British Commonwealth and valuable as his services, rendered in a quiet unobtrusive way, were to them both, it is as the charming companion and the brilliant conversationalist that his friends will prefer to remember him. If ever there was an artist in talk, it was Arthur Glazebrook; he had a broad range of interests and an almost erudite knowledge of many subjects; he was widely read and had moved at intervals in the great worlds of London and New York; he had

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a beautiful voice, which never acquired the slightest flavour of a Canadian accent; in his comments upon men and affairs he mingled shrewd wisdom with a salty wit, and he had a real gift of epigram and a flair for the apt descriptive phrase. But he never talked merely for talking's sake and he never ventured views upon subjects with which he had no familiarity.

Arthur Glazebrook was content to toil in a very modest vineyard and his name will probably have no place in the written annals of Canada. But by precept and example he exercised an immense influence for good upon the characters and outlook of a number of young Canadians who had the privilege of his society and knew him as "The Sage". Some of them, who have come to high place in the life of the Dominion, will not be slow to acknowledge the value of the inspiration and enlightenment which they derived from him. Continually he preached the doctrine to his young friends that it was their duty, if fortune had placed them in comfortable circumstances, to give some of their time to the intelligent study of public affairs and to the service of the community, and he awakened in not a few minds for the first time the idea that there were better goals in life than the making of money. It is true that the Round Table groups which he organised with such enthusiasm have now faded into oblivion, but many of their members did not lose the zest for an intelligent study of politics which Glazebrook had implanted in them, and after the last war they proved keen supporters of the Canadian Institute of International Affairs as an agency for continuing the political education which Glazebrook had begun. So his work lives after him.

On one occasion his friend, Earl Grey, when he was Governor-General of Canada, asked a rich Torontonion if he knew Arthur Glazebrook and what he thought of him. The plutocrat rashly replied that Glazebrook was a very decent fellow, but he had been thirty years in Toronto and had never made any money. Thereupon Grey struck the table with his fist and said: "Thank God there is somebody in Toronto who has not made any money." If Arthur Glazebrook died poor in this

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world's goods, he left behind him a rich record of devoted service to his fellow men and women and a fragrant memory, which wide circles of devoted friends on both sides of the Atlantic will long keep green.

II. THE CANADIAN-AMERICAN DEFENCE AGREEMENT AND ITS SIGNIFICANCE

A FEW months ago the name of a small city in northern New York State suddenly flashed into the newspaper headlines. Two men had met there and after some friendly talk had given out a short statement that bids fair to prove one of the great documents of history. The Ogdensburg agreement of August last for a permanent joint defence board to advise the Governments of the United States and Canada* has in it potentialities which may profoundly affect the fates not only of the two peoples immediately concerned but of their kindred throughout the world. Posterity may come to associate it with the other great events that have marked the attractions and repulsions of the English-speaking peoples.

So far history has had to record more repulsion than attraction. The future may yet have to pass upon the Anglo-Saxons the judgment that they ruined their own fate by their particularism; that they built up magnificent political edifices, only to wreck them upon the rocks of local interests; that they had the ordering of a world within their grasp, only to let it slip back into chaos because of their lack of vision. Or it may be that they will be able to surmount their usually incorrigible individualism. Only with extreme slowness do they abandon their freedom of action, but, depending on the course of the next short period, perhaps the record will run that, while in peace each went his own way, when pressure came essential unity brought them once more together in effective cohesion.

* The meeting of President Roosevelt and Mr. Mackenzie King at Ogdensburg was on August 17, 1940. The joint board, consisting of five representatives of each country (one civilian, three service men and one diplomat), was appointed on August 22 and began work immediately thereafter.

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Perhaps it would be wiser to avoid talk of race. Anglo-Saxons have been known to fight each other. Perhaps the common language is a dangerous trap: possibly we should stick to the grim necessities of politics, and base policy on the penetrating appreciation of realities. They are plain enough: we Westerners must swim or sink, triumph or be vanquished. As things stand now there is no longer any possibility of separating our fates. Even the mighty Republic cannot stand alone. Hence only in united effort lies salvation.

In the complexity and the scope of the present conflict the world might be forgiven for not deeming a country such as Canada, just emerging into nationhood, as of first-rate importance. Yet geography shoves Canada into a strategical place as guardian of the north-western Atlantic and of the vast spaces of the Arctic, her materials and her food make her a huge supply base, and her association with Great Britain provides a link between the Old World and the New. She perhaps enjoys a measure of prominence that is accidental rather than achieved and that imposes grave responsibilities upon her people. Her position in the world and the Commonwealth is peculiar in that it cannot be understood, nor can her fate be predicted, without reference to the tendencies of events in the United States.

That part of the Anglo-Saxon world known commonly as the British Empire is vast in total area and population, but its white population is relatively small and, apart from the concentration in the British Isles, scattered. It has always been recognised that the geographical dispersion of the Empire prevented its being a threat to the independence of other nations as a great military Power, such as Germany, is a threat. The Empire has elasticity, tenacity and material resources, but not a high concentration of military strength: it is not adapted to the German ambition of conquering Europe. In contrast the United States supplies the continental bulk and the population requisite to huge military undertakings. If the pressure of the times should bring the Republic into active co-operation with the Empire, bulk and density would be added to elasticity;

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in other words, a peripheral and dispersed world conception would have supplied to it a vast and solid centre. If the association continued for long, that centre would dominate the organism, it would become its heart. Great Britain, Australia and the rest would be Powers upon its margin, outliers of the central mass.

A few months ago any suggestion that the United States would accept a central rôle in world affairs would have been merely wishful thinking. Even yet the conception of an English-speaking world gathered about the United States seems far-fetched enough. But signs are not wanting of unlooked-for and un hoped-for occurrences. The United States refused its destiny in 1919 when it failed to come into the League of Nations. Many of the world's woes to-day go back to that refusal. Will it refuse its destiny again? Some states, Italy for example, achieve greatness, but some have greatness thrust upon them. The Republic will refuse to take up its burden a second time at its peril. At the moment its people are confused and hesitant: the world has for generations seemed so far away from them. But they are groping forward, and once they put their hands to the plough, this time there will be no turning back. They have before them the lesson of Great Britain, whose people between the two wars seemed to try to avoid the fate that history had placed upon them, only to find at last that the alternative was destruction. The Americans too will pray that this cup may pass from them, but bitter as it is they will not refuse to drink it.

These [Middle Westerners] are uneasy—unwilling to admit that the world has caught up with them, desperate to evade it, yet knowing in their bones that it cannot be evaded. Something deep and vast and full of consequence is stirring in them. . . . This wave of feeling, of uneasiness, alarm, anger and determination which is rolling to-day across America . . . is something beyond all political parties and personalities. It is, you feel, the dawning of America's inevitable destiny, the first glimmering of realisation that she cannot escape her place of leadership in the world. . . .*

* Bruce Hutchinson, *The Giant Stirs*, Winnipeg Free Press, Oct. 23, 1940.

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The first steps taken by the Republic in its assumption of responsibility naturally concern the immediate American position. They have been clear and positive and all fall into a single plan. In chronological order they are: (1) The protection of the Pacific coast by the acquisition and fortification of off-shore bases such as Hawaii and Dutch Harbour in the Aleutians, a policy begun many years ago but steadily being elaborated. (2) The "Good Neighbour" policy, one of obvious common sense, for it is better to have a friend on your flank in time of need than a foe. (3) Rearmament, including the plan for a "two-ocean" navy. (4) Insurance against any of the Axis Powers gaining a foothold on the American continent by way of the colonies belonging to countries conquered by them, the policy whose adoption by the other American republics Mr. Hull secured at Havana last July. (5) Securing an off-shore line of bases in the Atlantic comparable to the Pacific bases. These are the positions leased from Great Britain in return for the fifty destroyers, extending from British Guiana to Newfoundland. (6) Maintenance of the advanced base, Great Britain, "by all aid short of war", a policy frequently affirmed both officially and unofficially. (7) The protection of the northern flank by the Defence Agreement with Canada. (8) Protection of the southern flank, including the Panama Canal, by co-operation with the South American republics. At the time of writing no announcement has been made as to what form this co-operation will take, but it is an open secret that the news may come any day.

To these eight successive steps may be added a conjectural ninth: the time may well come (and sooner rather than later) when even Bermuda, 700 miles off-shore as it is, may not seem far enough to contain the foe. The fiasco at Dakar heightened American interest in the crossing from Africa to South America. That road may well come to be blocked by a great containing base in the Azores. Such a base might have its northern complement in Iceland.

It is obvious that Canada is but one item, though a large one, in the American scheme for the western hemisphere. But

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to Canadians the totality of the plan and their place in it is of transcendent importance.

Canada's place in the conception is also of first importance to Great Britain. The relative weights of these two countries have changed rapidly during the last forty years; and to-day the Dominion, although with only one-quarter of the British population, counts strongly in the world conflict. Its large sum of resources, particularly its food and minerals, its proximity to Great Britain, its huge area, even though much of that be wilderness, above all the energy of its people and their capacity for organisation, give it a place in world affairs more prominent than the political experience, or indeed the desires, of its citizens would warrant. Consequently a change of orbit on the part of Canada would greatly affect Great Britain. There is no likelihood of such a change working to Great Britain's disadvantage while the war is going on, but M. Siegfried's thesis must nevertheless not be forgotten. Canada, he says, illustrates the struggle of history with geography. The geographical structure of the continent is on interior lines, determined by the north-south mountain ranges. But the forces of history have advanced from the Atlantic coast westward. Whether history or geography will prevail in the long run is only a guess. While some exception may be taken to the thesis—notably the contradiction offered it by the St. Lawrence valley and the Great Lakes, a westerly highway into the heart of the continent along which the historical forces that have made Canada have run—it is a common observation that Canada is steadily becoming more North American. As a country of great staple products, its economic ties with Europe and particularly with Great Britain must remain close—in a very real sense Canadians to-day are fighting for their markets—but whether the sentimental bond will be sufficient to bear more burdens in the future of the type now being imposed is another matter.

Canada's continuance in the British connection may therefore depend on the capacity of British statesmen to build a new Europe with a reasonable chance of peace ahead of it. The

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burden rests squarely on British statesmen, for victory will mean a sufficient renewal of isolationist sentiment in the United States to postpone the day of vigorous American leadership throughout the world, and the Dominions will also be inclined to retreat to their own regions. Moreover they are politically too immature and inexperienced to help in a major way. European reconstruction will be Great Britain's task.

A very long war into which the United States eventually entered and which caused it to put forth every ounce of its strength might well burn out American isolationism entirely, but it would almost certainly replace it with Imperialism. Any peace that would follow such a war would be an American peace, with Great Britain influential but far from dominant. The way would then, as has been hinted above, be open for a new English-speaking synthesis about the Republic.

These are long-range considerations which may turn out to be wide of the mark. More immediately, the Ogdensburg agreement causes Canadians to reflect on all angles of their day-to-day relationships with the United States, and with some justifiable measure of assurance. There is, for example, an entire absence in Canada of fear of the United States. There is nothing between the two even remotely comparable to the atmosphere of a European frontier. Few Canadians consider themselves foreigners in the United States. They feel free to express themselves on every subject there, as free as they would in England. Both these countries represent to them a kind of paternal dwelling. It must not be forgotten that the United States is almost as much the motherland of Canada as is Great Britain. Consequently even the long-memored United Empire Loyalists feel in their condescending way that the United States is not a strange land to them.

Canadian familiarity with American ways of living and thinking makes for a degree of co-operation in common projects that it would be difficult to achieve between other peoples. Even on the mechanical level engineering standards and gauges are the same and the ready acceptance of the machine age is the same, while on what might be termed the psychological level

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there is similar intensity of enterprise, similar delight in swift accomplishment and generally a similar approach to nearly every problem. Since a small and relatively weak people living alongside a great and powerful people necessarily devotes much time to study and observation of its large neighbour, Canadians probably understand Americans better than Americans understand Canadians.

This situation has its dangers. It will enable Canadians to grasp in advance, and sympathetically, the kind of proposals the Americans are likely to make, and they will be prepared to be tolerant towards the foibles of their opposite numbers. On the other hand, Americans will be surprised to discover that there are important differences between the two peoples. At the moment Canadian stock is extremely high in the United States. The popular conception seems to be that Canada is a land of lean, hard-hitting northerners, where everything moves swiftly, accurately and relentlessly and every man is a warrior. Such things as the legends spread by Hollywood about the Royal Canadian Mounted Police have tended to put Canadians in rather a false light in the United States. Sooner or later Americans are going to discover that we are quite ordinary people, with many good qualities, especially those derived from the Puritan inheritance, such as industry, energy, dependability, thrift and so on, but not over-well equipped with those that they themselves possess in abundance, such as daring imagination, the capacity for taking very large views and for conceiving tremendous projects, bold initiative and the exuberance and generosity that accompanies these traits. Cautious conservatism is not something admired by the average American. Hence the discovery that it is a Canadian national trait may come as something of a shock, and the reaction may tempt Americans into something of coercive impatience. There is thus considerable danger of Canada losing control and of being hurried along on projects of which she may not entirely approve. Popularity and good esteem have their dangers as well as dislike and unfriendliness.

Inequality of size is of course not the only factor in the game.

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Canada really holds some very good cards. To begin with, she actually is at war. She has taken the plunge. Her eye is single, her hesitations put aside, her indecisions resolved. Not so the United States, which is passing through a most painful process of trying to make up its mind. Again, at present her military effort is, except in mere numbers, considerably ahead of that of the United States. She had a much more intensive experience of the last war and much of this has carried over in the form of a martial spirit and trained officers. In addition she has the benefit of the British experience in this war. Thus her army is being trained and armed in the most modern way, while the United States is still considerably behind. The American army, for example, has not yet abandoned dependence on the rifle as the chief infantry arm. American journalists recently inspecting Canadian training centres were genuinely surprised by what they saw. Even in numbers the trained men in Canada to-day are believed to be perhaps as much as half as many as in the United States.

To some degree the same consideration holds good for the supply and armament industries. Canada has a year's start and has made some very good use of it. Naturally within a year the gap will close and then the United States will enjoy the priority that its gigantic productive capacity confers on it. The same will be true in regard to the army, though Canadians like to flatter themselves that their troops have special qualities of resourcefulness and efficiency, that they represent a nice mean between the semi-feudalism still remaining in England and the somewhat excessive democracy obtaining in the American army.

But Canada's chief advantage is her position. This great northern half-continent, four thousand miles across and stretching up to within a few hundred miles of the Pole, is the northern flank of the United States. Its westernmost point is well out on the way to Asia, and on the east it stretches beyond the United States 800 miles out into the Atlantic towards Europe. According as Canada does her job well or ill, so may go the security of the United States. Canada is the advanced

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base and in consequence her wishes must be regarded. The United States cannot afford, through unresponsiveness or too much insistence, to damp the ardour of those who in a sense hold the post of honour. *Per contra* Canada will have to show her ability to guard her huge northern wildernesses and her coasts. There is no reason to think that she will fail in doing so, and consequently she may expect to have in North America a voice well out of proportion to her population. She occupies a position that in some respects may be compared with that of pre-conquest Belgium in Europe: a small country eagerly courted and even deferred to because of its strategic position.

At the moment, then, the initiative in North America is to a certain extent in Canada's hands, and if she is bold and wise enough it may continue to remain there. But this can only be so if she can think out a clear and definite policy for herself. Canada in the last ten years completely lost the initiative to Great Britain because no unanimity of view could be developed among her people, thus causing her statesmen—only too willingly, it must be admitted—to take refuge in such transparent hiding-places as "no commitments in advance" and "Parliament will decide". Practically everyone knew that Canada would be committed if war broke out with Germany, and many were convinced that the course of action of the British Government was rendering that war inevitable. Yet Canada never once asserted herself, never sought to influence British diplomacy in the slightest, although she knew herself bound by its consequences.

If the same inability to agree on a conception of national interest occurs in respect of the United States, the same result will also occur: if Canada persists in saying that American foreign policy is none of her business, if she tries to pose as a detached and uninterested neutral, she will find out that she is committed to the consequences of American policy, very possibly to a war not of her making. No one would be surprised at war breaking out between the United States and Japan. That may have happened before these words are printed. Yet there is no particular reason why Canada should

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be a belligerent in such a war, for no direct interest of hers would be at stake and she would derive little immediate gain from an American victory. But, as things are now, Canada under the Defence Agreement would find it next to impossible to maintain her neutrality. It would therefore be to her advantage if she could develop a clear view of her national interest with respect to war with Japan and before events went too far pressed this vigorously at Washington. There is no question as to where Canadian sympathies lie, of course, but as a matter of practical politics it would be best for Canada if American pressure against Japan could take the form of "non-belligerency" rather than of open warfare. But is the Canadian Government presenting such considerations to Washington? That may be doubted.

It must be confessed that at present there is not much indication of a positive policy emerging. The Government has gone as far as assuming responsibility for the defence of Newfoundland—as well it might, seeing that Newfoundland lies across the St. Lawrence, like an orange in the mouth of a sucking pig—but when the Prime Minister was asked some time ago whether Canada would have anything to say as to the bases leased by the United States in the West Indies, he is reported to have replied that these islands were the responsibility of Great Britain, not of Canada. That was perfectly true, but it did not indicate a tendency to look imaginatively at the North American position as a whole.

The situation may be put in this way: Canada has been content in the past to be the tail of a kite, in other words to accept the results of British policy usually without having sought to determine that policy. She has now entered into a most important military relationship with another great Power. If she does not attempt to influence the policy of that Power, she will become the tail of another kite. Being the tail of one kite is bad enough, but to be the tail of two at the same time will be tragic, and what is perhaps worse, ridiculous. It will be tragic not only for the tail but possibly also for the kites. It is just possible that no serious consequences will ensue as long

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as the kites fly strictly parallel courses, but let them diverge a little and they then are bound by their tail until they tear away from it. In the process the tail is likely to receive considerable injury. In other words, if Canada can develop no positive policy of its own, it will be the sport of the policies of the two larger Powers, and, seeing that these cannot be expected to keep in exact unison indefinitely, it will come to grief. A man cannot serve two masters. Nor can a nation. A nation that commits its fate to the keeping of another country cannot be a fortunate one. If it commits its fate into the keeping of two other States at the same time, it will be still less fortunate. Canada must therefore think out clearly her own conception of her own national interest.

It may be argued that there will in future be no sharp divergencies in British and American policy. That may be so. It has always been Canada's concern to prevent such arising and it will continue to be. But unanimity cannot be counted on, and now Canada is linked to both Powers by strong bonds. The Defence Agreement may not be a treaty, but it is likely to prove more enduring than any treaty. Great Britain has still certain legal rights in Halifax and Esquimaux. And now the United States is to have such rights in Newfoundland. Truly, as Mr. Churchill said, Empire and Republic are "somewhat mixed up". If the mixture grows more thorough it is to be suspected that Canadians will rejoice. For only mixture to the point of amalgamation can solve their peculiar problem. Not only in policy but still more psychologically has Canada need to prevent the deviation of her two parent Powers. Canada is a nation which has a kind of split personality and there is only one road of healing for her. That is the obvious one of such a condition of harmony between Great Britain and the United States, such a thorough "mixing up", that, whatever the political form, the great wound of 1776 will heal.

Canada,

January 1941.

AUSTRALIA

THE indecisive result of the recent Australian Commonwealth elections, and the subsequent attempts to reconcile opposing views in order to form a strong war-time administration, have shown that although the need of doing everything possible to help in the war is not in the smallest degree disputed, there is still a deep cleavage in this country on questions of social policy. The public and those who represent them in Parliament are divided into those who believe that the war is not a reason for abandoning schemes of social betterment and those who believe that ambitious plans for higher living-standards, housing and the like would interfere with and possibly cripple war preparations. The result has been a crisis over the budget and financial policy generally.

I. THE ELECTIONS

THE final result of the Federal elections was practically a deadlock between the Government and the Opposition parties. Out of 74 seats in the House of Representatives, Labour won 36 seats, 32 going to Mr. Curtin's Official Labour party, and 4 to Mr. Beasley's Labour group. Mr. Menzies' own United Australia party secured 22 seats, and the Country party 14, the two remaining seats being held by Independents, one of whom pledged his support to Mr. Menzies in the event of a crisis.

As a Speaker had to be appointed from the Government side, however, this left the voting-power equally divided, and the balance of power in the hands of the remaining Independent member, Mr. Wilson, who holds somewhat radical views on finance and has strongly pressed claims on behalf of the wheat-farmers. In the Senate the Government fared rather better in the final count than had been expected in the early stages.

THE ELECTIONS

Three Labour and sixteen Government Senators were elected, giving the Government a majority of two where previously it had held four more seats than the Opposition. The situation was unchanged by the Kalgoorlie by-election for the lower House, where out of four candidates a Labour member was returned with a comfortable majority. Though the supporters of each side interpreted the elections as a victory for themselves, no single party was in a position to form a Government, and attempts to form some sort of coalition or national Government have failed.

The final results of the elections were long in coming, and subsequent negotiations were protracted. Mr. Curtin and the Labour party had previously declared their distaste for a national, all-party Government, which has long been demanded by many U.A.P. supporters and others, and there was much keen discussion in the party rooms over the part to be played by Labour. Mr. Curtin has shown an appreciation of the seriousness of the war situation and a genuine anxiety to hasten the country's preparations. Under his guidance party members showed increased willingness to collaborate with Mr. Menzies and his team. In this they were spurred on by the growing impatience of the public, the evidence of delays in important war work, and the chilling realisation that the only alternative to compromise would be another election.

In mid-October the Labour party passed a resolution expressing its determination to "strengthen the war effort" and to put into effect "the substantial aims of Labour's electoral policy" as a step to this end; it also invited the co-operation of other parties in doing so, but demanded, as a preliminary to discussions, assurances that some portions of Labour policy would be accepted. Representatives of the parties were appointed to carry on discussions.

This advance from Labour was followed by further manœuvring and a rising public impatience. Mr. Menzies offered to Labour half the seats in either a National Government or a War Council with executive powers—an offer which was rejected, but was met with the counter-offer of Labour

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participation in an advisory War Council, and an undertaking that Labour would not use its numerical strength in the House to embarrass the Government in its war administration. On this basis Mr. Menzies formed a new Cabinet of sixteen members, of whom three—Sir Earle Page, Mr. Harrison and Mr. Holt—were new, but had all had previous Cabinet experience.

At the same time a War Council of eight members was set up, comprising four Labour members and four Ministers, including the Prime Minister as Chairman. The Council was established by regulations made under the National Security Act. The first important sign of harmonious working in the War Council was a resolution, passed unanimously at the end of October, condemning strikes in time of war and recommending simultaneously that the facilities for arbitration and conciliation should be extended and made to work more swiftly. Reforms on these lines have been instituted. With the exception of this important achievement, in a country where the "right to strike" is often invoked with almost religious fervour, the War Council has appeared in the light of a somewhat ineffectual body; for, being bereft of executive power and of responsibility for policy, it has not provided a solvent for party differences, and the budget came before the House in a way which led to a first-class crisis.

II. THE BUDGET

THE Commonwealth has been proceeding according to a plan of controlled credit expansion, inaugurated at the beginning of the war. Unemployment at that time had been rising, and so there was a safe margin for applying a general stimulus to business. A series of financial controls, including exchange control, import licensing and control of new investment, prevented new savings from leaking out into undesirable channels and provided a favourable market for government loans.

War expenditure in the early stages was therefore financed principally by advances made to the Government by the

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Commonwealth Bank and by public loans of which substantial amounts were taken up by the banks. Central bank support of the bond market was evident in early 1940, and there was a fall in interest rates and a great increase in bank liquidity. War expenditure at first lagged, as a great deal of preliminary planning and preparation of war industries was necessary before production could begin on a large scale, and tools, equipment and designs ordered from overseas were seriously delayed by the outbreak of war. Moreover, the Commonwealth Government was at first preoccupied mainly with the long-range side of war development.

In all, war expenditure for the year ended June 30, 1940, was £55 millions, and the Commonwealth Government had no difficulty in financing this without disturbance to the community. In the first place, £10 millions was spent overseas, and this was provided from loans raised in London, under an arrangement with the British Government. Owing to imports running at a much higher level than had been expected, until import restrictions began to have their full effect, Customs revenue exceeded the estimates, and altogether it was possible to provide £24 millions of the war expenditure from revenue and £2 millions from trust funds. The balance of £29 millions was easily within the capacity of the local loan market, in spite of the fact that the loan expenditure of the States showed no sign of appreciable diminution.

To the end of 1940 the war has been painlessly financed. The public at large has not suffered, but has benefited rather from increased employment and the increase in general spending. There has been no really perceptible shortage of goods for consumption, for business houses laid in heavy stocks of goods in anticipation of future scarcity. The limits of this process are now visible, however, and their impact upon the taxpayers, in spite of repeated warnings in the past, gave a somewhat rude shock to the public when the Treasurer, Mr. Fadden, presented his budget for 1940-41 in November.

War expenditure for the period had been estimated at £79 millions in a preliminary financial statement presented to

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Parliament last May. Some increases in taxation were then imposed, mainly indirect, but they were small and not disturbing. When France collapsed, however, the war commitments of the Commonwealth were greatly increased, and the scale and rate of Australian preparations for war rose correspondingly. In May war expenditure was £6 millions; for October it was £11.2 millions, and it is expected to reach £15 millions a month early in 1941.

The war will therefore cost Australia at least £186 millions in 1940-41, and the Treasurer has emphasised that this is likely to be a bare minimum, and that the Commonwealth is likely to be obliged to call upon the public for more. This is in contrast to former years, when the Commonwealth has carried forward substantial cash balances, owing to lags in expenditure. The large number of new war factories now nearing completion or coming into full production for a wide range of supplies lends colour to the Treasurer's claim that the lag has now been overtaken.

To meet £143 millions of expenditure in Australia the Treasurer had £28 millions carried forward from last year, and proposed to rely upon war loans for £50 millions, and upon taxation for the remaining £65 millions—involving an increase of £31 millions in Commonwealth taxation in the current year. The £43 millions of expenditure overseas is being met from advances in London, and whatever surplus becomes available in the Australian balance of payments will be used to remit funds to London in payment. The funds in Australia will be provided by the Commonwealth Bank.

The total loan programme for the year is £80 millions, to meet the needs of the Commonwealth, the States and semi-government and local authorities, and in the view of the financial advisers of the Commonwealth, no more can be raised from the savings of the public. Indeed, in view of the effects of new taxation, it is questionable whether so much will be raised without the help of central bank buying to support the loan market.

The Treasurer's proposals to raise £31 millions of new

THE CREDIT CONTROVERSY

taxation in a little more than half the financial year which remains to run included considerable increases in direct taxation, although Customs and Sales Tax are being called upon to provide an additional £7.6 millions, an innovation being differential rates of Sales Tax, so that a general rate of 10 per cent. applies to most goods, a rate of 5 per cent. on goods classed as necessities, and a rate of 15 per cent. on goods classed as luxuries or non-essentials.

Fairly stiff increases are provided in company taxation, but the largest share is in the income tax of individuals, whereby the Treasurer planned to raise £17.7 millions. If these tax increases had all operated over a full year they would have provided £45 millions of extra revenue. To raise so much by direct taxation the Treasurer broadened the basis of the income tax by reducing the exemptions which had made Federal income tax almost negligible on incomes below £400. The exemption proposed in the budget was £150 instead of £250, although deductions allowed a married man with two children to escape the tax until his earnings exceeded £6 a week. On higher incomes, 14s. in the pound was taken as the limit of combined federal and State taxation, but the Treasurer stressed the fact that the taxation rates already being imposed by the States hampered the Commonwealth very considerably at all points of the scale, because of the great variation in State rates. "Some greater uniformity in State income taxation may become a war-time necessity", he said. This need is generally recognised, and it will be a matter of urgency, if any further increases in Commonwealth taxation are to be imposed; for the Constitution forbids the levying of different rates of Commonwealth taxation in different States.

III. THE CREDIT CONTROVERSY

IN introducing this budget the Treasurer explained that it was no longer possible to rely with safety on any further expansion of credit to finance the war. He pointed to the record level of bank deposits, the high spending-power of the

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community, the small available residue of unemployed, the rise in civil consumption, and the tendency for prices to rise. "Further, we are already committed to a considerable expansion of credit in the near future", he added, for there will be spending of accumulated Government balances, and further substantial advances to wheat-farmers, as well as smaller advances to other primary producers, all of which will add to liquidity. "It is a fair inference that we shall have as much expansion as is required to finance the fullest productive activity, and probably more than is healthy. It is quite certain that any considerable further expansion for the purpose of war finance could result only in a serious and continuing rise of prices."

The Commonwealth Government, therefore, decided that the time had come to place reliance on taxation, and loans raised from the public, and it selected direct taxation as being the fairest method of distributing sacrifice. This view has had the whole-hearted support of bankers, economists and financial authorities generally, who have shown unusual unanimity on the need for heavier taxation. It has even made one or two converts from among men who formerly were chiefly noted for their insistence upon the need for more credit and more public spending at all times and under all conditions.

A realisation that war makes a reduction in civilian consumption inevitable is gradually gaining ground in the community, but it has met with bitter opposition, partly from interested parties, partly because of differences in political creeds. The advocates of greater economy and more frugal living as a means of meeting the inevitable diversion of productive resources to war have been attacked by some retail trading interests and others as "deflationists" whose advice would cause a fall in employment and even a "depression". Although there is an acute shortage of skilled labour for the engineering and munitions industries and although a number of materials such as metals and timber have become sufficiently scarce to hamper production, there has been little evidence of scarcity in retail shops. Discussions have been tinged with

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emotion on both sides. At one extreme are those who have no very exact perception of the process of diversion of resources which is taking place, but who feel it to be unworthy of Australians to go on leading a comfortable peace-time existence while England is grappling with such an enemy. At the other end of the scale are those who view this war as a fight for the preservation of living-standards, for greater social justice and the opportunity of securing a better distribution of food and necessities in a land of plenty. Add to this a great deal of confused thinking among members of all parties on the possibilities of further "credit expansion", and it was inevitable that the new taxation proposals should evoke strong hostility from some sections.

This found expression in the Commonwealth Parliament when Mr. Curtin gave notice of a motion which amounted almost to a blanket condemnation of the budget, and Mr. Menzies promptly accepted it as a challenge. As it appeared that the Independent member holding the balance of power intended to vote against the Government, and as Labour was not numerically strong enough to form a Government, a week of feverish consultation and bargaining followed. Mr. Menzies offered some concessions in the shape of a little more for old-age pensioners and the wives of men on active service, raising of the income-tax exemption from £150 to £200, and a further payment, amounting to £1 million, as an advance to farmers for last season's wheat. Beyond this he refused to go, and, although a section of the Labour party led by Dr. Evatt wished to force the issue, the compromise was accepted.

The sense of impatience and irritation aroused among the public by such political bargaining was shared by most members of Parliament, and the Advisory War Council resolved that "in future, questions appropriate for discussion by the Council will, whenever practicable, be brought before it before being raised in Parliament". Help for the wheat-farmer has occupied a prominent place in all the discussions, as it did in the election speeches, for the Australian wheat-grower has been facing the same troubles of expanding production and

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shrinking world markets which have beset all wheat-exporting countries for years. The Commonwealth Government adopted a plan in November to stabilise production and prices; it provides for a guaranteed price of 3*s.* 10*d.* a bushel at ports, the creation of a compensating fund between years of high prices and years of low prices, and the licensing of growers, who must undertake to sow only authorised acreages. For most other rural industries, the benefit of the war-time marketing arrangements with Great Britain has not as yet been outweighed by war-time troubles, and the most serious immediate difficulties are those arising from drought. The crucial factors in 1941 will be the shipping situation and the probable rise in costs in Australia.

Australia,

January 1941.

SOUTH AFRICA

I. GENERAL HERTZOG'S RESIGNATION

THE jumble of South African politics in war-time is constantly becoming more intricate. In the last few weeks it has been complicated still more by the sudden resignation from Parliament of General Hertzog and Mr. Havenga. Not that this was entirely unexpected. Ever since General Hertzog and Mr. Havenga broke with General Smuts on the war issue in September 1939 and went over to the Opposition benches there has been constant friction between them and their new associates, Dr. Malan and his Nationalist followers. This tension was fairly effectively kept in the political background, while a public façade, loudly labelled "Afrikaner Unity", was assiduously maintained. But the friction was common knowledge to all political insiders during the two sessions of Parliament in 1939. Hot-heads under Dr. Malan's lenient leadership made no secret of their discontent with General Hertzog and Mr. Havenga, though the former was the titular parliamentary leader of the combined Opposition parties; and those who knew General Hertzog's ideas about the discipline to be imposed on any political body of which he was leader never doubted that the limit of his tolerance of the malcontents would be reached sooner or later.

With his resignation from Parliament, the limit has been reached rather sooner than was expected. Some thought that the resignations were intended more as a threat than as a definite decision. These doubts are now set at rest, for the resignations have been gazetted, which is finality. The House of Assembly, which is to meet at the end of January, will therefore lack General Hertzog and Mr. Havenga from the front Opposition bench.

Each will leave a noticeable gap. With General Hertzog, one

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of the few remaining members of the Lower House who had sat there continuously since Union disappears. Mr. Havenga's membership of the Lower House was almost as long, for he was elected at the first general election after Union, in 1915, and had been there without a break ever since. The gap is regrettable not only because of this break in continuity. General Hertzog has been a conspicuous, if never a truly great, figure in our parliamentary life. Contemporary discord is too keen for any immediate pronouncement on his career to be possible. For the time, it must be enough to say that he was a successful leader because of qualities which continuously more than compensated defects. He is, perhaps more than anything else, a man of unusually single mind—believing intensely in his political faith and never shrinking from personal sacrifice for it. When he won the general election of 1924, with the help of Colonel Creswell and the Labour party, many political pundits at that time thought that he would be unequal to the premiership: but he falsified these prophecies and remained steadily in power till the war controversy ejected him in September 1939. He is getting old and has shown recently some signs of failure, especially in the form of violent personal resentment against people who have had differences of opinion with him. This, however, is more an intensification of an old tendency of his than the development, with advancing years, of a new idiosyncrasy. It has always been accompanied by a very marked charm towards those with whom General Hertzog is on friendly terms, an excellent memory for faces and the invaluable talent, in a political leader, of being easily and naturally on a kindly human footing with men and women of all spheres of life. History will probably say that General Hertzog's main failure was a narrowness of political outlook which aided his long campaign for the Afrikaner people, but set unhappily restricted limits to its national usefulness.

Mr. Havenga is the most signal example of General Hertzog's power of attaching people to himself. His loyalty to General Hertzog has been the loadstone of his political career, making him a less powerful figure in our politics than he might

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have been otherwise and compelling him to this resignation and abdication of the political future which might otherwise have been his. Possibly Mr. Havenga still has a future, but for the moment he is certainly right in believing that his constituency is lost to him through undermining by the elements in the Malanite party who have driven General Hertzog out. It is thus perhaps wiser for him to resign now than to hang on till the next general election in 1943, when, unless there is a considerable change in Free State political opinion, there would be little chance of his holding his old seat. If the change does come, or if there is some further revolution in the political kaleidoscope, there may then be less than the present obstacles to Mr. Havenga's political career.

Neither General Hertzog nor Mr. Havenga doubt that they have been driven out with deliberate malignity. Both blame Mr. Swart, the successor of the late Dr. Van der Merwe in the Free State Nationalist leadership, as the man who contrived and administered the fatal stroke. Mr. Swart was at one time General Hertzog's secretary and owes the beginning of his political career to him. He broke with General Hertzog over the fusion with General Smuts. General Hertzog was furious and from that moment ignored Mr. Swart's existence. The personal feud between the two men embittered the whole movement against General Hertzog and Mr. Havenga in the Free State. It came to a head at the Opposition Congress in the Free State, when there suddenly emerged a contest between two rival programmes for the "reunited" Opposition party—one programme drawn up by General Hertzog himself, the other by what was known as the Federal Council of the party. (Incidentally, before the Free State Congress met there had been an acute controversy between General Hertzog and Mr. Swart over some letters which were supposed to have been discovered in a Freemason lodge and to show that General Hertzog had been in communication with General Smuts about a proposal to persuade Southern Rhodesia to enter the Union of South Africa on a republican basis. The facts that General Smuts would never have agreed to a republic for South Africa

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and that Southern Rhodesia is in the last degree unlikely to consider junction with the Union under a republican form of government made this yarn intrinsically fantastic. But it was taken quite seriously in some Opposition circles, and there was nothing unsubstantial about the temperature to which it raised the already over-heated tension between General Hertzog and Mr. Swart.)

At the Free State Congress General Hertzog insisted that his programme, not that of the Federal Council, should be adopted. The Free State has always been his political stronghold. He was the parliamentary leader of the Opposition. The programme was to define the principles and course of action of the Opposition as a reunited party in Parliament and in the constituencies. The Free State Congress, if it adopted the other programme in preference to his, would administer a deliberate snub to him. That was evident to everyone. The snub was administered. His programme was rejected, the other adopted. This was more than General Hertzog could stand. He gathered his papers together, shook hands politely with some of the leaders and walked out of the Congress. Mr. Havenga went with him and so did a small band of his most devoted personal followers. But many of his followers remained. Mr. Swart had won; and so publicly had the fatal stroke been administered, so evident was it that the bulk of the Congress were for Mr. Swart, the new shining light in the Free State party, that there was much wavering among many who had hitherto belonged to the Hertzog group. These men saw their political future in ruins if they went out of the Congress on the heels of their old leader. The prospect was too appalling for them. They stayed behind.

Thereupon there was consternation in the Opposition ranks all through the country. The Opposition party is organised by provinces. The Cape Congress had met already and had adopted the Federal Council programme, ignoring General Hertzog's. The Hertzog group in the Cape is small and is led by Senator Fourie, who, in the past, has been one of the most fortunate recipients of favours from General Hertzog. Much

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more important was the Transvaal Congress, which was to meet in a couple of weeks. There, when the Congress met, after agitated comings and goings behind the scenes, there was an elaborate pretence that the dispute concerned the Free State only, that General Hertzog's breach with the Free State Nationalists was not on any question of principle and that therefore the Transvaal could ignore the quarrel altogether. This was done. The name of General Hertzog was not even mentioned during the proceedings of the Congress. The Congress of the fourth province, Natal, is still to come. It is unimportant, for the Opposition strength in Natal is negligible.

Meanwhile Dr. Malan, deputy leader of the Opposition in Parliament and the leader of the whole Nationalist portion of the Opposition, had also allowed it to be concluded that he, too, took the view that the Free State quarrel was mainly a personal difference between General Hertzog and Mr. Swart, involving no vital matter of principle. All this was evidently too much for General Hertzog and Mr. Havenga. The former, in a speech to his constituents the day after his departure from the Free State Congress, had carefully explained his reasons. There were the false and malicious rumours about an intrigue between him and General Smuts to bring Southern Rhodesia into the Union on a republican basis. He had agreed with Dr. Malan on four essential conditions for the fusion of the Opposition parties and all these four conditions had been ignored by Mr. Swart and the majority of the Free State Congress. These men, who had driven him out, were determined to refuse to the English-speaking section that absolute equality of rights which was the very foundation of the Union. He and Mr. Havenga would "have nothing to do with people who act in this manner". His enemies were dooming the Afrikaner people to "remain in the desert" for the next quarter of a century at least, where, ultimately, the people would "meet its death". He himself, he told his constituents with pathos, was now too old. They must "find someone who can act as leader". Under him, they should continue on "the course you must adopt to see the realisation

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of that which has been our aim ever since the South African war".

Yet, in spite of this explicit declaration of his position, General Hertzog had had to hear his own deputy in Parliament maintaining that no question of principle was involved in the Free State dispute and had had to be a witness of the Transvaal Congress, including a large number of his own followers, behaving as though the insulting fiction that the Free State dispute had nothing to do with the Transvaal was true. It was more than he and Mr. Havenga could endure. They both wrote to their constituents telling them that they would send their resignations to Mr. Speaker. The Congresses in the Free State and the Transvaal, they said in their identical letters, had "shown the extent to which confidence had been . . . undermined and destroyed" and had afforded "proof that the party is on a course which, in our view, must necessarily lead to the downfall of Afrikanerdom". Neither of them, they declared, could doubt that the "attitude revealed at the Congresses" was "reflected in our constituencies". For the "remainder of our lives we will continue to serve our people faithfully, but outside party associations".

The members of the Hertzog Group in the Free State and the Transvaal are thus left without leaders and with no available political haven. If General Hertzog and Mr. Havenga had admitted that they were wrong in advocating neutrality at the beginning of the war, the way would have been open for their followers to set about seeking a way of return into the Smuts fold. But the two leaders did not admit anything of the kind, insisting that they were right when they tried to make South Africa neutral. The Hertzog Group members have had no respite, either, in which to make up their minds on their future course. There is a by-election pending in Winburg, where the polling is fixed for January 8. Winburg was the seat of the late Dr. Van der Merwe, whose successor in the Free State Nationalist leadership, Mr. Swart, is now the official Nationalist candidate for the vacancy. General Hertzog, when he left the Free State Congress, advised his followers in

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Winburg not to vote for Mr. Swart. A subsequent meeting of Hertzogites in Winburg has passed a resolution that they are all to be free to vote as their consciences dictate. The late Dr. Van der Merwe won Winburg against the combined vote of General Smuts's and General Hertzog's parties at the general election of 1938. But his majority was under 50. He was very popular and the candidate who opposed him was not a local man. Mr. Theron, the Government candidate this time, is a well-known local man and very popular. Mr. Swart is not so popular as Dr. Van der Merwe was. If the Hertzogites vote for Mr. Theron, the Government may win the seat. Such a victory is not regarded as probable but it is not an impossibility. If it did happen, it would be such a blow as the Nationalists have not been dealt for years past.*

The troubles of the Nationalists, since General Hertzog and Mr. Havenga were driven out, have hardly been less than those of the Hertzogites. A wrangle among aspirant leaders proceeds continually, with Dr. Malan, the titular leader, being driven steadily to the side of the more extreme element, with which he is notoriously not in any vehement personal sympathy. General Hertzog told Dr. Malan, when he was driven out in the Free State, that he, Dr. Malan, would be the next victim of the hot-heads. The fact is that this element in Dr. Malan's party has set itself to bring about a republic in which all who differ from it in political or racial opinion would be relegated to an inferior status. These extremists are now very vocal in their scorn of democracy and are all out for what they describe as a "new order". Mr. Pirow, who is still nominally under the Hertzog banner, has also been preaching a "new order", and there has been a good deal of acidulated comment in the Opposition press as to the respective merits of these new orders and as to the right of Mr. Pirow to preach his without previous consultation with the Opposition leaders generally.

* Result of the Winburg by-election: Swart 3762, Theron 2377. [Ed.]

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II. THE OSSEWA BRANDWAG

THESE political wrangles among the Nationalists are multiplied by another development, nominally non-political. Since the war began there has been increasing emphasis among this section on the importance of an organisation called the Ossewa Brandwag (Ox-wagon Sentinel), which has pretensions to hark back to the inspiration that drove the Voortrekkers to go north when the British Parliament of that long-past day decreed freedom for slaves in Cape Colony. Many such organisations exist among the Afrikaans-speaking people. Their avowed purpose is to maintain Afrikaans as a language and Afrikaans culture. Numbers of Afrikaans-speaking people have joined these various organisations in the belief that the competition of the English language and of English culture is so strong that Afrikaans and Afrikaans culture will be swamped unless they are kept alive by systematic and combined effort among the Afrikaans-speaking people. But there has been a constant tendency, going back many years, for these bodies to take on, against the professed and quite genuine intentions of their founders and original members, a political trend, which has constantly veered towards republican extremism. In 1935 General Hertzog was Prime Minister, with General Smuts as his principal colleague in the then Cabinet. General Hertzog was accustomed each year to go to his constituency, Smithfields, in the Free State Province, and there to deliver a policy speech. This speech, in 1935, was devoted almost exclusively to a denunciation of political developments in the Broederbond, which had been started years before as a cultural association.

General Hertzog pointed out to his constituents that in the original constitution of the Broederbond there was a provision that politics were to be excluded from its activities. This prohibition, he declared, was being systematically disobeyed by the chairman and his executive, who had issued a circular to Broederbond members in 1934, the text of which was that the Broederbond must "govern South Africa". Its object, General

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Hertzog said, was to establish an Afrikaner, anti-English despotism in the country, inspired by the "foolish, fatal idea that these people are the chosen of the gods to govern over all others". The "secret coterie", he asserted, which now controlled the Broederbond had identified itself with the Nationalist political Opposition led by Dr. Malan, who was himself a member of the coterie, with a number of his lieutenants on the Opposition benches in Parliament. It was "attempting to create a dictatorship" over members of Parliament; it was influencing political appointments in the most unconstitutional way; it was corrupting the children and teaching them to spy on their parents; it was threatening to turn the people into "a nation torn apart by dissension and bitter strife".

In the interval between 1935 and now the centenary celebration of the Great Trek has taken place. The Broederbond has retired into obscurity. The Ossewa Brandwag has emerged. All the counts in General Hertzog's 1935 indictment against the Broederbond secret coterie apply to the Ossewa Brandwag, according to General Smuts and his colleagues in the Cabinet. The Ossewa Brandwag has carried its subversive preparations farther, they say, by adopting the Nazi technique in every detail. Its organisation is military throughout. Its basis is the cell. Its membership is secret except to the small head committee. Its uniform is the Nazi uniform. Its badge is the German eagle, copied from the Nazis and combined with the swastika. Its headquarters offices are moved every fortnight and instructions are issued regularly to its "generals and head-commandants". It has been able to accumulate and has in hiding some Bren-guns, rifles and ammunition. It makes no secret of its intention to attempt a *coup d'état* if a favourable opportunity offers.

These government allegations against the Ossewa Brandwag have been accompanied by repeated declarations that the organisation will be systematically watched and that its activities will not be allowed to develop. On the other side, Dr. Malan, who has given his public approval to the Ossewa Brandwag, has declared several times that, if the Government

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tries to suppress it, he will give a lead in resistance. So far, government action has been limited to an order to the police forbidding them to be members of the organisation, an order which appears to have been obeyed. There are other similar organisations. Mr. Pirow has sponsored one which is called the Handhawersbond (Maintainers' League). "General" Manie Maritz, who was killed in a motor accident a few weeks ago, had another of his own, generally known as the Black Shirts. He was also supposed to be the leading spirit in the "Boerevolk". But by far the most important at the moment is the Ossewa Brandwag, which claims a membership of 250,000 among our just over 2,000,000 white inhabitants.

Some months ago, the then head of the Ossewa Brandwag, "Colonel" Laas, suddenly resigned, no one quite knows why. There was considerable delay in appointing his successor. Now Dr. Van Rensburg, who was Administrator of the Free State Province, has resigned that post and has accepted the leadership of the Ossewa Brandwag. He is young, energetic and an attractive personality. Just before he came out with his revelation that he was the new leader, the acting leader had announced that politicians must do what the Ossewa Brandwag told them to do and that any who disobeyed would be brought to heel by the use of the sjambok. This ultimatum recalls General Hertzog's 1935 allegation against the Broederbond that its "secret coterie" aspired to rule South Africa. It can hardly be very acceptable to Dr. Malan, whose Nationalist followers in Parliament, and indeed himself, are the only possible persons at whom the sjambok threat can be aimed. The Nationalists are certainly determined to use the Ossewa Brandwag organisation to the utmost for their political ends. Dr. Van Rensburg's appointment as its leader and its open intention of making the politicians do what it wants suggest that a conflict for power between the Nationalist politicians in Parliament and the Ossewa Brandwag coterie is not far below the political horizon. Meanwhile, it is said, probably with considerable truth, that many members of the Ossewa Brandwag who joined it believing that its aims were cultural

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are alarmed at its Nazi mimicry, its republican aims and its frank design to establish an authority superior to that of Parliament, and are leaving it.

Altogether, the last three months have been far from justifying the boast of General Hertzog and Dr. Malan in September 1939 that their alliance against General Smuts on the war issue heralded the dawn of "Afrikaner Unity", which could not thenceforth be broken. The boast, ignoring as it did the Afrikaans-speaking followers of General Smuts, that is to say some 40 per cent. of the Afrikaans-speaking population, was ludicrous from the first. Now, the "reunited" Opposition is exhibited as riven by dissension, individual and collective, such as South African politics have never before witnessed. General Hertzog himself hit the nail on the head when he observed that of all the members on the Opposition benches there were only seven who did not aspire to leadership. Herein lies one reason, though not the only one, for the growing strength of General Smuts's position in the country.

South Africa,
January 1941.

NEW ZEALAND

I. IN MEMORIAM

ONE of the original members of the first Round Table Group founded in Wellington in 1910, Mr. John Hutcheson, or "Jack" as he was better known, died last October at the age of 86. Born at Dumbarton, Scotland, and becoming a cadet in naval architecture with William Denny Brothers, the well-known shipbuilders, he was for many years at sea. Retiring, he built up a good business in Wellington as a ship-chandler, rigger and sail-maker.

He served his country and city well, being first a Labour-Liberal member of the House of Representatives and then an Independent Labour member. Frank, outspoken, and independent, he retired from politics in 1902, owing to his being out of touch with popular opinion on the Boer War.

He was a member of the Wellington Harbour Board and became its Chairman, a City Councillor, a member of the Wellington City Sinking Fund Commissioners, and Chairman of the Wellington City Renewal Fund Commissioners. He took a great interest in trade-union matters and was on the Strike Commission during the maritime strike of 1890. He followed with great interest the advent of the Labour party to power and was keen to see that its Government got "a fair deal" in the records of THE ROUND TABLE. His cheery, breezy manner that smacked of the sea all his life endeared him to his companions. He was one of the Old Guard, who had worked through the "Egg" and the "Omelette" prepared by Lionel Curtis for tasting and tossing by the several Round Table Groups, and who to the end adhered steadfastly to Lionel Curtis's solution of "The Problem of the Commonwealth" by federation.

THE WAR FRONT

II. THE WAR FRONT

THE course of events in Europe and the Near East, the extension of the Axis to Japan, and the appearance of raiders in these southern seas have made New Zealanders realise that they are not so far from the possible front line as many imagined. The Prime Minister expressed what most of us felt when he said, "The tide of war is rolling up near to our shores. . . . We are all in the fight at the present time." Our people have been thrilled by the courage of our kinsfolk in Britain—to them goes out our heart-felt sympathy in the trials they are so bravely bearing—and by the skill and courage of the men in His Majesty's Forces. Evidence of this sympathy and goodwill was given in the immediate response to the appeal for the relief of those who had suffered in the bombing of London of which the people of the Dominion are kept well informed by the B.B.C. broadcasts and by the reports in the English press. The National Patriotic Fund Board immediately transmitted £100,000 to the Lord Mayor of London, and in a very short time the quotas of some districts were provided three times over. Another manifestation of public opinion was the gift of £145,000 for 23 Spitfires. We know the people of Britain are our front line. Looking to the future, the Patriotic Board is driving for £1,000,000 for local needs that will arise in 1941, and about one-third has already been received.

The introduction of conscription has made things easier for Government and people alike. In addition to the men for service overseas medically fit single men between the ages of 19 and 45 are given three months' training in camp as Territorials (with five months for officers and n.c.o.s) to bring the war-time strength of this body up to 36,000. Two ballots have been held, and some of the men have already completed their period of training. When the three months are completed, the men will continue their training at regular intervals. The men who served in the last war have been voluntarily organised as a National Military Reserve and are being trained by their own officers. Speaking of the Territorials the Minister of Defence recently said, "When at full

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strength, with other units and the National Military Reserve, there will be over 44,000 troops in New Zealand, and by March 31 next about 30,000 will have had three months training."

The first ballot for overseas reinforcements (14,000 names) has just been drawn, for conscription put an end to voluntary enlistment except for the Air Force. This ballot is of single men between the ages of 21 and 40. All the names of this group are placed in the ballot whether the men have been previously drawn for territorial service or not. To give all active men something to do in preparation for war and especially to provide the large number of men necessary to guard our long coast-line in the event of a threat of invasion and to deal with the situations that might then arise, the Minister of National Service (Mr. R. Semple) announced some months ago that he proposed to organise a volunteer force to be called the Home Guard. This is in addition to the Civil Guard that was planned some years back to deal with any national emergency. Any person, over the age of 16 and physically fit for the type of duty for which he is needed, will be accepted for the Home Guard. Major-General R. Young, a former Commandant of the Forces, has been placed in charge of this new body, area officers with military experience in the last war have been appointed, and enrolment is proceeding. Enrolment did not take place as rapidly as was expected because under the original scheme State and local-body employees were not accepted and each volunteer was asked to accept personal liability for any injury he might suffer. These restrictions have now been removed. "The Government", said the Minister, "will accept liability for all accidents and injuries which can be established as having arisen out of membership of the Home Guard."

New Zealand has naturally been interested in the important changes taking place overseas: the closer relation between the United States and Canada, and the leasing of air and naval bases to the United States. There have been talks between the military staffs of Australia and New Zealand in reference to their common defence problems, and this country has been repre-

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sented at the important War Supply Conference in India. In our war effort equipment as well as men is needed. People of this country were therefore pleased to see the following statement by the Minister of Industries (Mr. D. Sullivan):

Very few people have any idea of the extent of the work being done in the production of munitions in this country. For obvious reasons it is not possible to go into details, to refer to localities, or to indicate quantities; but a very great amount of work is being done and being well done.

III. THE FINANCIAL FRONT

THE following additional measures have been taken to provide the financial sinews of war: War Loan, Excess Profits Tax, National Savings Scheme.

The Government has issued a War Loan of an unspecified amount but estimated to produce £8 millions, £5 millions to meet local war expenditure, the balance being available, if necessary, for overseas expenditure. The principal conditions of the issue are: (1) the stock is non-interest-bearing till October 1, 1943, and thereafter pays interest at $2\frac{1}{2}$ per cent. per annum till the stock matures in 1953; (2) the stock will be accepted at par at any time before maturity in payment of death duties on the estate of an original contributor; (3) while the loan is not compulsory the Minister has power to compel people to contribute and, in the words of the prospectus,

The Minister of Finance has indicated that for the purposes of the Finance Emergency Regulations 1940 (No. 2) he will not regard any person as having subscribed in proportion to his means unless he has subscribed to the loan at least the amount of the income tax payable by him in respect to income derived during the year ended March 31, 1939, decreased in the case of individuals by £50 and in the case of companies by £70.

Any loans free of interest already made to the Government may be converted, in whole or in part, into an equivalent amount of stock in the new loan.

There has been complaint regarding the conditions of the loan because it has been felt in some quarters that the threat of compulsion was quite unnecessary, since there was plenty

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of "free" money that would have been lent for war purposes; because the saving that will be made by the loan being interest-free for three years is so small as to be negligible and there was no good reason why a rate of 2 per cent. should not have been given over the whole period; because compulsion will fall heavily on some businesses that will be compelled to find relatively large amounts at the same time as they will be called upon to pay high income tax itself. To some extent the last objection was met by the Minister arranging with the trading banks to advance at 3 per cent. the amounts required for the purposes of the loan, the advances to be paid off during the year.

Facts seem to indicate that the threat of compulsion and the interest-free period are not due to financial conditions but are an offset to military conscription. The Labour party has always been opposed to conscription, and opposition to its introduction has been removed only by some measure of "conscription of wealth". "We are pledged", said the Prime Minister, "to conscription of men as of wealth." Apart from the methods of doing this no one can quarrel with the principle that, if the State has to compel the able-bodied to render military service, it has not only the right but also the duty to see that, as far as possible, wealth makes its fair contribution. But the State will be wise if it is as careful in choosing the wealth it conscripts as it is in choosing the men. Success in war depends not only on military efficiency but in production of those goods on which the life of the people, military and civil alike, depends.

The Excess Profits Tax Act, 1940, provides that excess profits tax shall be payable by every taxpayer at the rate of 60 per cent. of the amount by which the income, derived by the taxpayer during the income year, exceeds his normal income, after payment of the Social and National Security taxes (2s. in £1) and income tax.

Section 5 of the Act fixes a "normal" income which is either his highest annual income during the three years ended March 31, 1939, or the average of his incomes for these three years increased by 30 per cent., whichever sum is the less. The tax-payer may accept the "normal" income or in the case of a company or local authority a sum which, after the deduction

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of income tax at basic rates, equals 6 per cent. of the capital employed or in the case of a taxpayer other than a company or local authority a sum which, after deduction of an amount (£500 to £1,000 for personal services) determined by the Commissioner, equals 6 per cent. of the amount of capital employed. The following are the principal incomes exempt: royalties, salaries and wages.

Section 7 provides for a committee (Excess Profits Committee) to consist of three persons appointed by the Governor-General to hold office during his pleasure. The Committee is given the powers of a Commission and will deal with any objections to assessments. Its decision will be final.

While there is general agreement as to the equity of the taxation of excess profits in war-time, there are naturally many criticisms of the method by which the amount subject to the tax is determined. There are so many factors involved that cases of hardship are bound to arise, especially in manufacturing industries. But in view of the facts that the tax is only 60 per cent. of the excess profits and that objections to assessments will be considered by the Committee, little opposition should be raised to the measure when it comes into operation, provided that the Act is administered wisely by the Commissioner and the Committee obtains and retains the confidence of the community. In 1916 a war profits tax was imposed, but in the following year it was abandoned as inequitable in its incidence and inadequate in its results.*

The income tax, the loan and the excess profits tax ensure that the well-to-do contribute their share to the cost of the war. But modern wars are expensive and cannot be financed unless all the people are encouraged and are prepared to make savings for the common end. The National Savings Scheme is to provide the means by which this can be done. It has two forms: (a) National Bonds maturing in 1945, showing a return of 3 per cent. on maturity values, less prepaid Social and National Security taxes; (b) National Savings Accounts. These are similar to the ordinary Post Office Savings Bank accounts, except

* See THE ROUND TABLE: No. 25 (Dec. 1916), p. 188; No. 26 (Mar. 1917), pp. 404-5; No. 29 (Dec. 1917), pp. 212-13.

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that money deposited cannot be withdrawn until June 30, 1945, except at the direction of the Minister of Finance in case of hardship, emergency or special circumstances. Amounts as low as 1s. may be deposited, and every £1 bears interest at 3 per cent.; the interest may be withdrawn or added to the account. As the depositing of small amounts at post offices would involve great loss of time, there has been instituted a Group Savings Scheme by which people employed in a business or institution may pay their deposits to one of their number who acts as collector. These amounts are paid in regularly to the post office and credited to the accounts of the individual depositors.

IV. THE POLITICAL FRONT

AS the days pass many New Zealanders realise how much has been lost by the failure of our political leaders to form a national cabinet at the outbreak of war. It is true we have a War Cabinet consisting of leaders of both parties; but we hear little of its activities though it is said to be functioning smoothly. But its aim is too restricted, and the functions of war and peace cannot be kept in watertight compartments.

The public [said *The Dominion*, an Opposition paper, on November 13] has, as yet, no means of knowing whether members of the War Cabinet are working together harmoniously and efficiently, whether there has been conflict and overlapping with the ordinary Cabinet, whether the War Cabinet is hampered by the narrow definition of its functions and by the unreal distinction between war policy and domestic policy and whether, in the balance, the national interest is best served by continuing the arrangement.

However this may be, the general result is that the old game of party politics is still being played and is diverting attention from concentration on the war effort. Some argue that this simply shows that democracy is alive and active. But the witness of Europe is conclusive that people cannot afford to quarrel over party problems when the enemy is at the gates. We must present a united front to the foe and settle our internal problems by democratic methods when victory has been won. The refusal of the party in power to agree to a national cabinet

THE POLITICAL FRONT

and thus suspend party politics for the duration of the war has given some ground for the apprehension that clearly exists in farming and business circles that powers given freely to the Government for war purposes may be used to bring to fruition the programme of the Labour party. Whether there is or is not a solid basis for this apprehension, its existence does not conduce to effective co-operation for war purposes. Doubtless the activities of the new Democratic Labour party have been a factor in the situation, for there is evidence that the new party is dividing the Labour ranks. The leaders of this party (Mr. Lee and Mr. Barnard) claim that they have already organised over sixty branches and that the party aims at having eighty candidates at the election of 1941. Recently a conference was held to constitute the party. Delegates were present from branches. The policy of the party on which it will fight the next election will not be framed till the next conference, but a statement was read of the pledges given by Mr. Lee and Mr. Barnard at the 1938 election. The most important features of this statement were: complete control of currency and credit, support for the war effort, the diversification of primary industries, and the development of new secondary industries with some measure of job control and a basic wage fixed by Parliament, development of social services. Mr. Lee claims that this is the policy on which the Government went to the electors, but which it refused to carry out. It is at the moment impossible to gauge the strength of the party, but at least it has become a rallying-point for Radicals who are not satisfied with the Government. It must not be forgotten, however, that the past has shown what a strong appeal is made to the minds of many by the suggestion that we can free ourselves from the payment of interest by the easy expedient of costless credit. On this question there is a sharp division in the Labour ranks. The Minister of Finance in speaking of the dangers of inflation said:

There should not be any debt left after the war, but that would not be brought about by any dream of debt-free money. That did not mean that the credit-creation policy should not be used to the limit; but that limit should be carefully watched and strictly observed.

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An attempt is being made to form another new party under the name of the People's Movement. So far the overtures of this group to combine with the National party have not proved successful.

During the past few months there have been many minor stoppages in industry for reasons that in the light of our pressing needs are paltry. Far too much of the time of Ministers and officials has been taken up in the settlement of these disputes, all of which interfere with production. In the case of the tobacco industry at Petone, where many employees struck because they considered that one of their number had been dismissed for his union activities, the union was de-registered and the disputes committee that finally dealt with the case came to the conclusion that there was not sufficient evidence to justify the view of the strikers. Before a recent meeting of a Military Appeal Tribunal evidence was given that some of the miners of the Waikato were not giving full and effective service. The Minister of Labour (Mr. P. Webb) told the House that in his view the real source of trouble was the mine managers. All these petty disputes have an unpleasant party-political flavour.

The death of the member for Waipawa (Mr. A. E. Jull, Opposition) brought party politics again to the fore. As the Government had an overwhelming majority in the House it would have been a graceful act—as well as a politic one—for the Labour party to refrain from nominating a candidate. But vision was lacking, and Mr. H. M. Christie, who had been defeated at the last election by Mr. Jull, contested the seat. The Opposition chose as its candidate Mr. C. G. E. Harker, a local lawyer. The result was an easy win for Mr. Harker, who polled 4,913 votes to his opponent's 3,189, a majority four times as large as that at the last election.

Within the two main parties changes have taken place or are pending. The growth of political activity in the country made the Opposition feel that it was undesirable to have a leader who was a member of the War Cabinet. For some time there were rumours of a possible change of leadership, and after the caucus of the party before the reassembling of Parliament on

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November 26, it was announced that Mr. S. G. Holland (Christchurch) had been appointed leader and that Mr. Hamilton and Mr. Coates had been asked to continue as representatives of the Opposition on the War Cabinet. In the House, however, the Prime Minister announced that the latter suggestion was a matter for the consideration of the Government. On November 18 *The Press* (Christchurch) said:

It is being argued that Mr. Hamilton, by entering the War Cabinet without relinquishing the leadership of the Opposition, has created a difficult position for his party and has made effective Opposition criticism of war policy difficult and even impossible.

While Mr. Hamilton's work for his party has been solid it has lacked inspiration. This is probably one of the reasons why the party desired a change now, so that its reorganised machine would be working smoothly by the time of the election in 1941.

The country needs a fresh impulse in its counsels and renewed vigour in its administration, both of which Mr. Holland, if he proves he possesses the qualities of leadership, should be able to supply. The country needs to be fully awakened from sleeping and touched to those vital interests that confront it. (*N.Z. Herald*, November 27.)

The other side sees in this change merely a party manoeuvre.

Behind the plan now revealed officially to place Mr. S. G. Holland in the position of leader of the Opposition is the cunning move that aims at divorcing the Nationalists from the War Cabinet and the war effort. They still want their two cabinet posts but they also want the right to snipe at the Government's war effort, when it suits them. (*Standard* (Labour), October 31.)

If we had lived under an all-party Government during the past twelve months, we might have avoided many of these difficulties. In this atmosphere it is too much to expect that some leaders of the nation will not on occasion become party-minded. The Minister of Labour (Mr. P. Webb) made a bad break when addressing a meeting of miners on the West Coast. As a group the miners have always opposed conscription, as Mr. Webb well knew, for he was on his native soil. It was natural, therefore, that he should play up to the miners a little. He was reported to have said,

When we win this war the capitalist will be as dead as Julius Caesar and the wealthy people will have played their last card. . . .

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It will be the task of the Government to end the capitalist régime which has so disrupted the universe.*

The speech produced violent protests in the daily press. *The Press* (Christchurch) said that the speech represented capital as the wrecker and labour as the rescuer. Mr. Webb claimed he had not been fairly reported and the Prime Minister came to the rescue by assuring the people that "no party advantage would be taken of war powers".

The trouble that the late Prime Minister had with caucus over the selection of members of his Cabinet was not settled, but simply deferred. The present Prime Minister eased the tension by appointing, on the recommendation of caucus, Dr. D. G. McMillan to the Cabinet and by agreeing that the question of reconstructing the Cabinet would be considered before the end of the year. At a recent meeting of the Labour party caucus Mr. P. Fraser was elected leader of the party for the next three years, and it was announced that the personnel of the Cabinet will be considered by caucus on December 16. This meeting did its business more easily than had been expected. For health reasons Mr. W. Lee Martin (Agriculture) and Dr. D. G. McMillan (Marine) resigned their positions in the Cabinet. The resignations were accepted with regret; and caucus recommended that their places be filled by Mr. J. G. Barclay (Marsden) and the Rev. A. H. Nordmeyer (Oamaru) and that the remaining Ministers be confirmed in their posts. It was also decided that Mr. P. K. Paikea should represent the Maori race on the Executive Council. The Prime Minister intimated that the changes, with the necessary redistribution of portfolios, would be made early in the New Year.

V. ECONOMIC STABILISATION

THE repercussions of the increases in the lower wage-rates and of the increasing cost of living caused the Government to call an Economic Stabilisation Conference. There were forty-four delegates, representing employers, employees, and bankers. Mr. A. T. Donnelly, Chairman of the Bank of New

* *Otago Daily Times*, November 5.

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Zealand, was appointed Chairman of the Conference which the Prime Minister opened on September 5. In doing so he outlined the task and scope of the inquiry in these words:

To survey the general economic position of the country under war conditions in order to consider the possibility of stabilising costs, prices and wages, and to discuss expanding production so that the strain of war expenditure may be successfully borne and the standard of living be maintained as far as possible.

After a general discussion the Conference appointed a committee with seven representatives of employers and seven representatives of labour under Mr. Donnelly as Chairman. This Committee considered the evidence and material placed before it and, having unexpectedly come to unanimous decisions, made a report to the Conference which was adopted.

Considering the composition of the Committee, which included several old antagonists accustomed to disagree on everything, the sum of agreed conclusions in the report is impressive. No such agreement could have been reached two years ago, nor one year ago.*

The report outlines the difficulties of the situation: the withdrawal of thousands of men from normal production, the need to organise for victory, the vital importance of increased production, the transition period we were in at the outbreak of war as our industries were just beginning to expand. The Conference affirmed that the aims of its recommendations were: to ensure sufficient of the necessities of life for all, to spread any shortage fairly over the whole of the people, to keep prices down so as to maintain a fair standard of living, to keep prices as constant as possible. The Conference, therefore, recommended that as far as possible we should pay for the war as we go, increase production, primary and secondary, and set up voluntary committees of employers and employees to co-operate to this end, continue the policy of import control, reduce the import of goods to the lowest possible level, adopt a more vigorous and effective system of price-control and stabilise the prices of essential foodstuffs, articles of clothing, essential services and light. The Conference disapproved of subsidies, but asked that the construction of homes be speeded

* *Auckland Star*, October 18.

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up, that public expenditure, State and local, be cut down, that a popular national savings scheme be introduced; it urged the acceptance of the principle that no one shall profit by the war. The Conference affirmed that it desired to achieve two main results. The first is to stabilise prices, wages and costs so that the cost of the war is not thrown unfairly on one group to the benefit of another. The second is to increase all kinds of production and the efficiency of every type of service which will help, however indirectly, the national drive.

It is comparatively easy to lay down general principles; to apply them in a complex society is much more difficult. Even before the Conference met it was evident that trouble would arise between the Minister of Marketing (Mr. Nash) and the dairy farmers on the question of the price of dairy produce. The guaranteed price was a feature of the "insulation" policy of the Government, and farmers had been told that, irrespective of the price received in the world markets, they would be given a price that would cover costs of production and a reasonable standard of living for the farmers and their families. In 1938 the Committee recommended a price beyond that which the Minister was willing to pay and despite rising costs that price had not been changed.* The recent increase of wages by 5 per cent. was considered the last straw. The farmers claim that the Government has not fulfilled its promises in two respects: (1) it has failed to apply the formula laid down in the Marketing Act for fixing the guaranteed price, and (2) it has failed to pay a price that would cover increased costs, particularly the added costs granted to other sections of the community.

The Annual Dominion Conference of the Dairy Industry annoyed the Minister by inviting him to speak and by passing a condemnatory resolution before it had heard him. The conditions of the meeting were not, therefore, conducive to the spirit of co-operation and compromise. The Minister urged that the war had fundamentally altered the conditions and unless there were some radical changes in these the Government could not ask the hard-pressed British people to pay

* See THE ROUND TABLE, No. 103 (June 1936), p. 647; No. 105 (Dec. 1936), p. 228.

SMALL FARMS AMENDMENT BILL

more. He admitted that the economy of the country would have to be organised on the basis of what we got for our exports. He pointed to the deficit of £2,160,000 in the Dairy Industry Account as evidence of the fact that the dairy farmers had been well treated. Despite the Minister's statement the Conference resolved to advise the Prime Minister of its complete lack of confidence in Mr. Nash, and, notwithstanding its dissatisfaction, of its determination to secure the maximum production of dairy produce. It is unfortunate that in these times there should be this conflict. There is general agreement that we ought not to ask our British kinsmen to pay more. If the dairy farmers are bearing relatively heavier burdens, then some of these should be thrown on the shoulders of the rest of the community.

We agree entirely [said the *Evening Post* on November 1] with the Minister of Marketing and the farmers that Britain ought not to be asked to pay a higher price during the war and while she is bearing such tremendous burdens. . . . But the cost of this justifiable consideration for Britain should not fall upon the shoulders of the farmers. It should be spread over the whole community by real stabilisation and equal sacrifice.

But as *The Press* pointed out (November 1), prior investigations are necessary.

The weakness in the dairy farmers' case is that they have so far produced no concrete evidence to show the extent of the rise in costs in their industry. As a consumer of household necessities, and as a user of transport, the dairy farmer has certainly been required to dig rather deeper into his pocket, but these are disabilities he has shared with every other member of the community. As a direct employer of labour he has suffered less probably than any other class. . . . Relative to other sections of the farming community he has been well placed since the guaranteed price scheme first operated.

VI. SMALL FARMS AMENDMENT BILL

PARLIAMENT has been kept in session, adjourning from time to time. At the time of adjournment in October it had before it the Small Farms Amendment Bill that promised to produce political heat. The Bill gave power to the Govern-

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ment to take land for settlement, in order to provide small farms for soldiers when the war ends. The measure gave rise to much feeling, but has been finally passed by the House after many Opposition amendments were rejected. The opposition to the Bill, both in the House and in the country, centred round the following points. (1) The right of the Government to take land without complying with the procedure already in force under the Lands for Settlement Act; objections against the taking of land are to be dealt with by the Minister of Lands or his appointee and from his decision there is to be no appeal as was previously allowed. (2) The amount of compensation is to be decided by assessors acting with any magistrate the Government may select and not as at present by a Judge of the Supreme Court. Unfortunately the Minister of Lands (Mr. F. Langstone) in a measure justified some criticism by saying that he did not think an estate had been acquired for many years "because cases have always gone against the Crown, and the Lands Department has always been afraid to take a case into Court because it has been dished on every occasion". The Prime Minister gave the soft answer by saying that this was an experiment and would be changed if it led to injustice. (3) The tenure is only leasehold, not freehold. This is the revival of a very old political issue, and a good deal of heat, much of it political, has been engendered. Meetings of protest against the Bill have been held, especially in the North Island.

The Dominion Executive of the New Zealand Farmers' Union took the extreme step of requesting the Governor-General to withhold the Royal Assent from the Act—a request that was declined.

No one denies the need there is to provide suitable farms for soldier-settlers under reasonable conditions. No one can now be blind to the grievous errors that were made in the years following the last war. This was surely a subject in which all parties might have been expected to co-operate.

New Zealand,
December, 1940.

The following is a reprint of the first article in the first number of THE ROUND TABLE, published in November 1910. It was written by the editor, Mr. Philip Kerr, afterwards Lord Lothian.

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I

THE central fact in the international situation to-day is the antagonism between England and Germany. It is the universal element which every foreign minister has to take into account in appraising his country's fortunes, and it is the topic which dominates all others in the columns of the world's press which are devoted to the discussion of foreign affairs. Much that is absurd, it is true, has been said in England about Germany's reputed plan, prepared in every detail, for a sudden and unprovoked attack on the heart of the Empire, on a date which is almost due. There is, too, ground for suspecting that minor candidates in the heat of an election conflict have employed this tale for party advantage. Even wilder stories have been circulated in Germany about England's supposed design of destroying Germany's fleet before it is full grown and then marching an army on Berlin! That tale, also, has been exploited for party purpose in the Fatherland. But underlying these exaggerations there is a solid substratum of truth. It is an old and a true saying that there is no smoke without fire. Anglo-German rivalry does not exist solely in the minds of panic-mongers and Chauvinists, nor can it be dispelled by the amicable disclaimers of pacifists and 'cordiality leagues'. It is an all-pervading reality.

If this be so, the solution of this rivalry between the great military power of Europe and the great sea-power of the world is the most difficult problem which the Empire has to face. Let us, therefore, discover where the truth lies, and whether there is any real basis for the antagonism which thus overshadows the world.

Foreign policy is seldom the creation of the foreign minister of the day. A minister may manœuvre freely within certain limits. At times of crisis he may force or evade a war, but in the long run foreign policy derives its force and character from the individuality of a people. King Edward VII commanded the universal confidence of the Empire because

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his attitude towards foreign powers reflected precisely the temper and ideals of the people over whom he reigned. The Emperor William, despite his indiscretions, is the idol of Germany, because he represents exactly the genius and beliefs of the great mass of the German people. To grasp the foreign situation, therefore, it is more important to understand the forces which have moulded the nations than to unravel even the most intricate of the diplomatic intrigues of the day.

Modern civilization is a compound of ideas contributed by a number of peoples. To the Jews it owes the idealism of its religious beliefs, to the Greeks the conception of liberty, to the Romans the sanctity of law, to the Teutonic peoples its respect for personal rights.

It is within the British Empire that the spirit of individualism has grown to its full maturity. For of all the Teutonic peoples the Anglo-Saxons alone have been free from the cramping necessity of subordinating their development to the exigencies of war. Scarcely ever have they heard the drums of war in their homes, for nature has provided in the Channel a better defence than walls of steel.

The unconscious working of this intense spirit of individualism runs through the whole history of the Empire. It is the key-note of the long struggle of the people first with the feudal barons and later with the Crown, and when, after two revolutions, the victory was won, the constitution which enshrined the liberties of the British people was transplanted to America, Africa, and Australia. Once an attempt was made to force some reluctant colonists in America to contribute to the common defence, and the issue has moved England to protect her dominions ever since at her own expense. Moreover, in conceding self-government to the young communities overseas, she handed over to them the vast wealth of the lands they dwelt in without reservation, and without even attaching to them the burden of debt she had incurred in acquiring them. To this day the tradition has run on; for, to the wonderment of the world, she gave self-government to the Transvaal four short years after the termination of a long and costly war, again without casting upon it any share of the cost or making conditions about its contributing to the common defence. Under no political system but the imperial system could the French Canadian or the Boer retain his language, his customs, and his racial

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individuality. Even in America, where personal freedom has been carried to the point of weakening the rule of law, the new-comer has to submit to a far straiter discipline than the immigrant to any of the British domains. With the backward races it is the same. For the first time in history conquered peoples, incapable of maintaining order among themselves, were governed not mainly in the victors' interests, but in their own. Slavery, though the tradition of all the ages, was obviously inconsistent with personal freedom, and was abolished throughout the Empire a century ago.

Let us look at the other side of the picture. The peoples of the Continent were not so fortunate as the Anglo-Saxons. Nature afforded them no better protection from foreign attack than a narrow stream or a mountain pass. Europe has been torn by the ambitions of kings and the brutal savageries of war. The struggle for personal rights has been impeded by the constant necessity of submitting to a rigid and uniform discipline. Personal freedom has had to be sacrificed to national liberty. The continental spirit, therefore, is very different from the British spirit. It is the spirit which accepts authority readily, and subordinates the individual to the will of the community. It is a spirit which produces an intense corporate life and a splendid eagerness in the individual to sacrifice his personal desires for his country. But it is also the spirit which is prone to follow the allurements of ambition, and to exalt the claims of a nation above the rights of mankind.

The continental spirit finds its most characteristic embodiment in modern Germany. The Germans give free play to individualism in many respects. They are not false to the dominant characteristic of the Teutonic peoples. But their history has taught them the bitter lesson that the citizen can only be free when the State to which he belongs is strong enough to guarantee his freedom. Individualism, paramount in other matters, stops at the entry to the political field. They have never known the political liberty of the British subject or the American citizen. To their minds it conflicts with national interests. Just in so far as the interests of the individual are allowed to prevail the effective power of the State is diminished. The political organization of the British Empire is designed to promote the development of the individual, the political organization of Germany to promote the efficiency of the State. It is only by realizing that to the

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German the interests of the Fatherland far transcend all other claims that one can understand the German character, and so the German policy.

This central idea of national efficiency—the parallel in Germany of the idea of personal liberty in the British Empire—is the key to their internal policy. It explains how an intelligent and advanced people can tolerate the inquisitorial tyranny of the police, the unmeasured powers of the bureaucracy, the sacrifice involved in a conscriptive system which all the nations of Europe would abandon if Germany would give the sign. It explains, too, the contrast between the British treatment of the French Canadian and the German systematic persecution of the unfortunate Pole. It explains the contrast between the harsh German policy in South-West Africa and the British assumption of the trusteeship for subject peoples. It is not the lust for cruelty. It is simply an overwhelming sense that the welfare of the State must at all costs be made to prevail over the welfare of the individual. Perhaps nowhere has the central idea of modern Germany been better expressed than in the speech of the German Emperor delivered at Königsberg but a few days ago (August 27, 1910).

They (German women) must impress upon their children's children that to-day the principal thing is not to live one's life at the expense of others, not to attain one's end at the cost of the Fatherland, but *solely and alone to keep the Fatherland before one's eyes, solely and alone to stake all the powers of mind and body upon the good of the Fatherland.*

There is no idea of the rights of man or of the claims of humanity in these lines, nor of the horrors and wickedness of war in the counsel he gave to German men. 'We men,' he said, 'must cultivate all the military virtues.'

How different is the point of view of Germany from that of the British Empire! Could any leading statesman make such a speech to any audience under the Union Jack and evoke tremendous applause? Did King Edward VII, the trusted idol of the Empire, ever give expression to such ideas? He was the peace-maker. The Kaiser is the war-lord. Both represent the essential temper of their peoples.

It is not the purpose of this paper to estimate the relative value of these two systems. Each has its part to play in the world. But it is clear that there is an antagonism between them. To the German there is something soft and unvirile in the British system. To the Anglo-Saxon there is something

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reactionary and illiberal in the German system. The point is not which is right, for probably there is truth on both sides, but that each is convinced that his own system is the best. It is just as useless to suggest to the German that he should abandon his centralized system of State efficiency as it would be to suggest to the British subject that he should forgo his liberties and adopt the inquisitorial and bureaucratic methods of the Continent. Time may insensibly assimilate the two. But it is unreasonable to suppose that argument and explanation are going rapidly to change the character of either people.

This analysis of the political philosophy of the British and the German empires has been required because, as already explained, the foreign policy of a people reflects its national temperament. Let us see if the foreign policy of the two peoples bears out what has been said about the conflict between their political ideals.

Just as the governing idea of the British people has been to conduct their own internal government so as to admit of the maximum of freedom to the individual consistent with the national welfare, so the governing idea of British foreign policy has been to protect at all costs this unique political system from destruction from without. Shallow observers abroad have frequently described British foreign policy as one of calculated aggression. Nothing could be farther from the truth. They are led astray by the size of the British Empire. But, as the briefest study of history will show, the greatest empire in the world has, by the irony of fate, been built up almost in the teeth of its Government. It has been acquired in two ways: partly in the desperate wars against the dominance of Spain and later of France under Louis XIV and Napoleon, and partly as the outcome of establishing law and order in uncivilized countries where enterprising British citizens had established themselves as traders or missionaries, and were in danger of losing life and property if anarchy were not immediately and permanently repressed.

An aggressive and expansive policy is contrary to the whole spirit of England. We have seen how within the boundaries of the Empire she gives a liberty to racial characteristics which is incomprehensible to continental peoples; so in foreign affairs she jealously respects the rights and privileges even of the weakest Powers. Throughout the whole nineteenth century her unchallengeable Navy, far

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from being used to browbeat weaker nations and force them to England's will, has patrolled the seas, destroying piracy and the slave trade, and guarding the commerce of all the world.

Many a time has the policy of aggrandisement been pressed on England. But she has always refused—not so much, perhaps, because she disliked to use her power to the advantage of her people, but because she believed that they would prosper better from their own activities than from State diplomacy and war. It is absurd, of course, to claim that British policy has been wonderfully altruistic or high-minded. It is, and always has been, based on an enlightened self-interest. The inhabitant of the British Empire sincerely believes that a system which accords the greatest liberty to the individual is the best for him and the best for everybody else. In freeing slaves, in protecting the subject peoples, in removing restrictions on trade so that the foreigner has the same trading privileges as himself, above all in seeking for peaceful relations with his neighbour, he is merely giving effect to this profound conviction. So it is that the jingoes of all times have lamented that the face of the British Government has been set against the expansion of its domains. Peace has always been the chiefest interest of the Empire, because it is in peace alone that its citizens can pursue their lives undisturbed.

The foreign policy of Germany is better described as the foreign policy of Prussia. Before the Franco-Prussian war Germany was little more than a geographical expression, signifying a number of Teutonic peoples united by a bond even more slender than that which links the British Empire to-day. It was Bismarck—the incarnation of the Prussian spirit, the successor of Frederick the Great—who created the German Empire, and, as we shall see, it is Bismarck's policy which is still the foreign policy of Germany.

The central idea in Bismarck's policy was derived from Napoleon. Napoleon's theory was that weak Powers always tend to gravitate towards, and finally to coalesce with, a strong Power. He believed that if he could only create a sufficiently dynamic nucleus, the weaker nationalities, unable to withstand its influence, would ultimately become absorbed, until finally all Europe would be united under the hegemony of France. He recognized, however, that real strength consists not only in latent force but in the will to

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use it. He knew that weaker Powers would continue to resist him until they saw that if they did not give way he would deliver an attack which they would be powerless to repel. His earlier campaigns, therefore, were entered upon largely with the idea of convincing the world that he had power and would hurl it mercilessly at anyone who was bold enough to stand across his path. Afterwards, as he foresaw, he was able to gain his way by the mere threat of war.

Napoleon failed for two reasons. In the first place he was in too great a hurry. Napoleonic France absorbed all Europe to the Russian border, and before it had settled down to the new situation, he began to strain its loyalty by drawing upon it for men and money for his wars with England and Russia. Rather than see its vitality drained for Napoleon's sake, Central Europe seized the first opportunity that promised success to rise and destroy the nucleus on which his strength was based. In the second place Napoleon could not apply his theory to England, because he never had a fleet which could defeat the British Navy. Europe acquiesced in his rule because it knew that Napoleon could enforce his will with the matchless armies of France. England was able to fight war after war by sea and land because so long as she kept command of the sea he was powerless to inflict upon her the penalty of resisting his will. Napoleon understood the position clearly. 'Let us,' he said, 'be masters of the Channel six hours, and we are masters of the world.' Fortunately for the world England understood it too.

Bismarck saw the possibilities of the Napoleonic idea and deliberately revived it for the benefit of modern Germany. Like all true Germans, like the German Emperor to-day, Bismarck was ambitious 'solely and alone' for the good of the Fatherland. Beyond the orbit of national existence Bismarck recognized neither right nor justice. International law was a figment invented by weaker nations to protect themselves, and was to be respected or ignored as expediency required. As he himself expressed it—the destinies of Germany were to be worked out not by speeches or resolutions, but by blood and iron.

Bismarck's interpretation of the Napoleonic idea was wonderfully successful. With the aid of Moltke he welded Prussia into a nucleus of such military strength that it had little to fear from an armed contest with its neighbours. Immediately the magnetic attraction came into play and

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the weaker among them began to drift towards Prussia. But the process was too slow. Bismarck had to prove that Prussia had the strength to will war, as well as to wage it if attacked. So in 1864 he attacked Denmark, and annexed Schleswig-Holstein, with its port of Kiel. In 1866 he attacked and defeated Austria, and added Hanover, Hesse, and Nassau to the Prussian Empire. In 1870 he precipitated war with France by altering the famous Ems telegram, defeated the French, and annexed Alsace and Lorraine. Then he had to consolidate his new acquisitions. The overwhelming magnetism of the Prussian nucleus did its work, and the German Empire was born under the hegemony of Prussia.

Bismarck was wiser than Napoleon or had learnt the lesson of Napoleon's defeat. He did not strain the new creation. He gave the patriotism evoked by a war against a non-Teutonic people time to permeate the mass and fuse it into a national whole. Originally a number of petty States frankly hostile to Prussia and to one another, Germany has now become a solid and united people. She has the largest and most powerful army in the world. She is always ready for war. Her people are schooled to so strict a discipline and so intense a national patriotism that the favourite method of overcoming internal dissensions is to raise the cry, 'The Fatherland in peril!' Bismarck's work is complete. The German Empire is in a position to play in Europe and the world to-day the part that Prussia played in Germany forty years ago. The present German foreign policy is the policy of Bismarck brought up to date. It is less ruthless, perhaps, less arrogantly selfish, but at bottom it is still the same.

II

WE have now examined the national characteristics of the inhabitants of the British and the German Empires, and the underlying principles of the foreign policy which is the outward expression of those characteristics. Let us now test the correctness of this analysis by discovering whether it can explain recent changes in the international situation. It will be convenient to follow German policy first of all in Europe and then in the outer world—the field of *Weltpolitik*.

Once establish the reputation that you are willing and able to fight, and the threat of war is as good as war itself. The foreign policy of Germany, based on this theory—known to

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diplomats as 'rattling the sabre', or, 'the pressure of the iron hand within the velvet glove'—has met with considerable success.

In 1905 the foreign policy of France under M. Delcassé began to interfere with Germany's plans. Germany demanded as a proof that the policy would change that M. Delcassé should be dismissed from office. She made it clear that if France would not comply she would find an opportunity for achieving her will by force. France was not ready for war, and M. Delcassé resigned. A year later Germany attempted the same policy at the 'conference over the Moroccan difficulty. But this time England and Russia supported France, and after some bluster about war Germany, unwilling to face the combination, withdrew her demands. In 1908, when Russia, the protector of the Slavs, objected to the annexation of Bosnia and Herzegovina by Austria, and was inclined to support Serbia in her demands for compensation, Germany, to quote the Kaiser once more, took her 'stand in shining armour at a grave moment, by the side of your [the Austrians'] most gracious sovereign'. In plain language, she threatened Russia with war unless she gave way. Russia, like France in 1905, was not prepared to fight—Germany was: so Russia gave way. As Bismarck realised, diplomacy is never a match for the sword.

This policy, profitable as it is, is also very dangerous, for it may lead at any time to war. Unless Germany is strong enough to make resistance hopeless when she presents her demands, she will gain her way only at the price of war. She realises this well enough, as her prodigious strength and efficiency show. As the Kaiser has said, 'on our armaments alone does our peace rest'. If it were not for them her rivals would fight rather than submit to her demands.

The natural result of this masterful policy, so clearly foreseen by Bismarck and Napoleon, is already in evidence. Weak Powers, rather than incur the enmity of so ruthless a neighbour, hasten to make friends, and the sphere within which the will of Germany is supreme is steadily widening. Originally Austria and Germany were bitter foes. Now they are inseparable allies. It is hopeless for Austria to attempt to resist Germany. It is, therefore, better to be friends. Besides, there are many advantages to be gained from an intimate, if dependent, relation. If Austria will stand behind the German *Weltpolitik*, Germany will support her in

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extending her dominion (and with it the magnetism of the Teutonic nucleus) in the Near East, which Russia might otherwise obstruct. With a friendly Germany, too, Austria can adopt a firmer policy with the Slav elements in her population. In 1870 Germany was the nucleus of force on which the Bismarckian policy rested. In 1910 Austro-Germany is rapidly becoming the nucleus. In the language used during the recent interchange of royal courtesies at Vienna, 'Our alliance has, to the weal of the world, passed into and, like an imponderable element, pervaded the convictions and life of both peoples.' There are many mutterings of discontent in Austria among Hungarian and Slav, but what are they to do? How can they face the German sword?

So with Italy. She hates Austria, her hereditary foe, with a deadly hatred. Perhaps if she saw a good chance of success she would desert the Triple Alliance, which ties her hand and foot, and join an anti-Austrian combination. But what is the chance of success? It is better to be friendly and to reap the benefits of alliance with the Powers which dominate Central Europe. So Italy's weight is thrown into the balance on the German side, and she will continue to add weight to the diplomacy of Germany, as Europe stood behind Napoleon, until it is clear that she has more to gain by deserting her. Not for nothing did the Austrian emperor, after conferences between the Italian, the Austrian, and German ministers, declare in the speech from the throne on October 13 of this year, that 'our alliances with the German Empire and with the kingdom of Italy have become, if that be possible, still firmer and more intimate'.

The ultimate aim of the more advanced of Bismarck's disciples is to add to the circle of Powers dependent on Germany Denmark, the control of which will enable her finally to prevent Russia gaining access to the North Sea and so exclude her from Western European politics; Belgium and Holland, because they are the natural outlets for the immense traffic of the industrial valley of the Rhine, and, in the words of Napoleon, are a pistol pointed at the heart of England; Switzerland, because it is a wedge driven in between Italy, her unwilling partner, and France, her bitterest foe. The gradual suction of these States within the orbit of her paramount influence would go far to make Germany the dictator of Europe. Russia would be cut off from the West. Italy would be even more straitly bound to her

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chariot. The natural protection which England enjoys from the sea would be greatly lessened, while Germany's naval and strategic position would be immensely improved. The grouping of the Powers at the last Hague Peace Conference suggested strongly that the pressure of Germany in some of these quarters is beginning to tell.

But the magnetic attraction of the tremendous Power in Central Europe is beginning to extend even farther afield. During the past few days the world has been watching Turkey drifting into the circle of the Triple Alliance. The Young Turks after the revolution were frankly hostile to Germany, which had been a pillar of the autocratic Hamidian régime. It was not very long before they were plunged in difficulties, both internal and external. Alone they were powerless to withstand outside pressure. So they began to look around for allies. Germany was willing to support the Young Turks, provided they accommodated their foreign policy to German ideas. The other Powers of Europe were also ready to give their support on similar terms. But Germany was ready to act. The other Powers would only pull the strings of diplomacy. The 'attraction' to lean on the strongest Power was too great, and Turkey, hostile two years ago, is fast identifying itself with the circle of Powers which range themselves under the hegemony of Germany, and, in return for her benevolent countenance to their own minor ambitions, lend their weight to that which Germany can marshal behind her iron diplomacy. It is obvious that the small States in the Balkans—Servia, Rumania, Montenegro, Bulgaria—cannot by themselves withstand the combined pressure of Turkey and Germany. Unless they can lean on some other combination, they, too, must ultimately be attracted to the great magnet of Germany. Germany is absolutely supreme in Central Europe, because no great Power will risk war to thwart her will.

We may turn now to Germany's attitude in world politics. Bismarck, the student of the past, had limited his ideas to the continent of Europe, and his policy had been based upon the use of an army of irresistible power. He had steadfastly rejected every scheme for colonial expansion, for such projects would have weakened the striking-power of Germany in Europe at a time when she had to nurse her strength. But when Bismarck's successors were ready to resume his policy once more, they found that they could not confine

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themselves to Europe. During the thirty years which followed the Franco-Prussian War the world had strangely shrunk. Railway, steamship, and telegraph now encircled the globe. Transport and communication were safe and rapid everywhere. The merchant and manufacturer, who in 1870 had thought only of German trade, now talked glibly of his transactions in the markets of the world. The whole earth was more accessible to Kaiser Wilhelm than was all Europe to Napoleon.

Germany first learnt that the centre of international gravity was shifting beyond her reach when from the partition of Africa and the tropical East she gained but two small and useless colonies. But it was her impotence to seize the opportunity for national expansion afforded by the entanglement of England in the Boer war which impressed upon her the final lesson of Napoleon's career, that without sea-power her influence could not extend beyond the narrow confines of Europe. The Kaiser, with characteristic flair, expressed his countrymen's instant resolve: 'Our future,' he said, 'lies upon the water.' There was no delay. In 1900 the Reichstag passed a Navy Bill which declared bluntly in its preamble that Germany needed a navy of 'such strength that a war, even against the mightiest naval Power, would involve risks threatening the supremacy of that Power'. This was a big step for a purely European Power. But in 1906 the programme was enlarged, and in 1908 a yet further increase was authorized, so that to-day the Navy Act provides for the creation of a fleet of thirty-eight Dreadnought battleships and twenty Dreadnought cruisers, to say nothing about thirty-eight other cruisers, 144 destroyers, and a number of submarines and other minor vessels. This projected fleet, in the words of Sir Edward Grey, is 'greater than any now in existence'. Within a few years Germany, possessed of an irresistible army and this prodigiously powerful navy, will be in a position to practise the same policy in the world that she has already practised with such success in Europe. Is there any example in history of a national resolve to remedy a past omission more rapidly formed and more steadfastly pursued?

The time for applying Bismarck's maxims to an active world policy is not yet come. Germany's full fleet of Dreadnoughts will not be ready till 1918. But the other Powers of the world, reading the lessons of the past, are little inclined

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to believe that Germany is building this immense navy, with the tremendous financial sacrifice involved, without a very definite intention to use it for her own advancement. It is an old adage that coming events cast their shadows before. Let us see now how the manifestation of Germany's naval ambitions has affected the grouping of the Powers.

In 1901 England, save for the Japanese understanding,¹ entered into practically with sole reference to her special difficulties with subject peoples in India and the Far East, was isolated in the world. She had not concerned herself much about the earlier proceedings of Germany. Her foreign policy was aimed at protecting the Empire in the enjoyment of its free system of government, and, so long as it was not endangered, at avoiding entanglements which might lead to war. But the German Navy Bills awoke her rudely to the revival, a century later, of the Napoleonic peril. England's answer to Napoleon's theory of the hegemony of one central Power had been the balance of power—the creation of another nucleus the equal in strength to the Napoleonic nucleus, on which oppressed nations could rally. She saw that if Napoleon became the absolute master of Europe, he would command such resources that in the end he must beat down her resistance. The liberties of Britain were bound up with the liberties of Europe.

The same cause has produced the same effect a century later. In 1900 France still nursed her traditional hatred of England, Russia still cherished the ambition of wresting India from the British, the United States still harboured the unfriendly sentiments of 1775 and 1812. To-day all is changed. The Russo-Japanese war strengthened the position of Germany immensely. It disclosed the weakness of Russia and the impotence of the Franco-Russian alliance to withstand German attack, as the dismissal of Delcassé actually proved. It showed that unless the balance was restored Germany was bound to become the dictator of Europe as Napoleon once had been. In a surprisingly short time the Anglo-French hostility had vanished, the perennial rivalry between England and Russia was removed by an Anglo-Russian agreement about the Indian frontier and Persia, so that three Powers yesterday bitterly hostile are to-day linked in the Triple Entente—a balance to the Triple Alliance. England has also been busily settling her long-

¹ The Alliance was signed in 1902.

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outstanding quarrels with America, and there is now a growing cordiality between the two peoples, as is witnessed by the mutual congratulations which followed the settlement by arbitration, a few weeks ago, of the century-old Newfoundland fisheries dispute. Another recent international event of first-class importance, the agreement of July last between Russia and Japan to forget their quarrels and to co-operate in the development of Manchuria, though not caused by the rise of Germany, has been greatly facilitated by the anxiety of Russia to have a free hand in protecting her European interests.

III

SO much for the international situation as it stands to-day. We will turn to the future. Is there any real reason to fear that England or the Empire would suffer from the triumph of Germany in Europe? Why not allow Germany to pursue her ambitions undisturbed, resisting only when attacked? Is not the whole story the terror of a dream? We can determine this point only by finding the answers to two questions. What are Germany's real ambitions and interests? What would be the position of the Empire if Germany were to become relatively much stronger than she is to-day?

Fifty years ago British liberal ideas were the model held up before every German. The wonderful success of British political institutions captivated the German mind, and a generation arose which advocated their adoption in the Fatherland. But Bismarck saw that the English theory of personal liberty was utterly subversive of his own political ideas, and even dangerous to the independence of a European nation. He set to work, therefore, deliberately to root it out. As he frequently said, the English system was contemptible and abhorrent to him. He put before his people in its place the Napoleonic theory of the creative force of nationality inspiring a vigorous foreign policy. Though British ideas had only just struck their roots, it took Bismarck three wars and much labour to achieve his end, but as a recent writer has expressed it, 'from the moment of the breach with free trade in 1879 . . . the alienation of the German mind from all English sympathies was complete'. There is now a 'violent psychological antagonism between Prussian and insular ideals'. We have seen how the Bis-

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marckian ideal has dominated the foreign policy of Germany as conducted by the bureaucracy he created. It has also permeated the whole nation, so that to-day it is the unalterable conviction, deep in the hearts of the people, that it is their destiny to become the first Power of the world. As one of their own writers, Colonel von Bernhardi, has expressed it,

We must understand that the historic mission of Prussia has not yet closed, inasmuch as that mission involves the formation of a nucleus round which all the scattered elements of the German race may group themselves, the extension of its sphere of influence so as to coincide with its political boundaries, and the getting and securing for Germanism of the place to which it is entitled in the world.

There is scarcely an issue of any German political newspaper which does not refer to the high hopes and destinies which lie before Germany, if she is true to herself and to the traditions of her past. The youthful belief in their national future is only paralleled by the confidence of the young communities of Western America and Canada in their own material development.

This burning faith in themselves and the ideals of Germanism explains the aggressive foreign policy of Germany, and the anxiety with which she views the growth of other nations. It explains, too, why their triumph in Europe cannot satisfy them, and why they believe a policy involving world dominion to be essential to their future.

Germany to-day has a population of nearly 70 millions. It is increasing at the rate of almost a million a year. There is no emigration to speak of. In fact, on balance, Germany gains more from immigration in the east than she loses from emigration to the west. Yet her territory is small as land empires go, and there is no unoccupied soil she can add to her domain in Europe. Thirty years ago she was losing population at the rate of 200,000 a year. She is in terror lest these days should return, which, indeed, is sooner or later inevitable. And when they do, Germany has no colonies to speak of to which she can direct the flow of her surplus population. Practically all the empty spaces of the earth which are still available for white habitation are in the hands of a civilized Power. Is she to lose the vital human material on which her strength is based to some rival nation? The thought is galling to an ambitious people. For the moment Germany is content, for she can absorb her surplus. But when emigration begins once more the old cry for

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colonies is certain to revive. In the words of a well-informed writer in *The Quarterly Review* a year or so ago,

They must have colonies, as they believe, or sink in the end to the second rank among nations. Of accepting the latter alternative, they do not think for a moment. They believe that territories must belong to those who can fill them.

How would this last doctrine square with the quixotic behaviour of England in handing over to a few thousands of colonists vast territories which had cost her many lives and much gold to win, without even the condition that they should allow free entry to her own surplus population?

So we see that the aims and interests of Germany alike point to a policy of expansion. Time is on the side of her rivals, Russia, America, and the British Empire, who are rich in vacant land, and unless she can grow in wealth and population as they grow, she is bound in the long run to fall back in the race for world supremacy which it is her fixed determination to win. Of all things she fears the effective union of the British Empire for defence. In the long run it is mathematically just as certain that she will defeat England alone in a contest of wealth and numbers, as it is that she will be beaten by the combined peoples of the Empire. That is why she thus feverishly augments her armaments, and plans to master Europe, for it is only by making herself invulnerable at home that she can hope to use her strength effectively on expansion abroad. The motive is clear enough. In the words of General von der Goltz,

The national energy of Germany has need of space, and the soil of our country has become insufficient. The dream of a Greater Germany has become law for the present generation under the iron hand of necessity.

This interpretation of her growing armaments seems so simple and reasonable that one is inclined to wonder why the panicmongers have gone to the trouble of making out that the sole object of Germany's immense preparations is the destruction of England, and that the cherished longing of every German is to set his foot upon England's neck. But the panicmongers, while they have gone astray about motives, are not very wrong in their estimate of the practical meaning of Germany's policy. Nobody has ever described the inevitable result of the policy to which Germany has committed herself better than the great Treitscke, the national historian of Germany.

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If [he said] our empire has the courage to follow an independent colonial policy with determination, a collision of our interests and those of England is unavoidable. It was natural and logical that the new great Power of Central Europe had to settle affairs with all great Powers. We have settled our accounts with Austria-Hungary, with France, with Russia. The last settlement, the settlement with England, will probably be the lengthiest and the most difficult.

Unfortunately, Treitscke's doctrine is the belief of the mass of the German people. The essential fact is that an overwhelming majority of Germans regard war with England as inevitable. Germanism, they say, must and will prevail, for it is the most vital and the most self-sacrificing of the forces of the day. England, the colossus with the feet of clay, the plutocrat who can neither fill nor effectively defend the vast lands she owns, lies across her path. The prospect of gaining a new colonial dominion, or of winning the first place in the world, may be remote, but it is hopeless so long as the British bar the way. Once that obstacle is torn away, at least there is a chance, and the blind instinct of expansion makes every German resolve that he will not abandon the struggle till the question of British supremacy has at least been put to the test. They do England the credit of believing that she will not surrender without a struggle, and therefore they believe that war, with all its horrors and suffering to themselves and the world, must come. There is a common toast in military and naval circles in Germany; it is to 'the day', the day when the myth of England's greatness will be finally shattered by German arms.

There is something heroic about this. It is not jealous envy or national antipathy to the British which animates the German; it is the resolute faith in the virtue of their own cause, a faith like that which has sent thousands to death on the battle-field, on the scaffold, and on the slaughter-ground of science.

What is England to do? She has no desire to thwart German ambitions so long as they do not involve injury to her own citizens or destruction to the free institutions of the Empire. The idea that she is jealous of German progress is absurd. During the years of her supremacy has she lifted a finger against the United States, which have now a population twice her own and resources immeasurably greater? No, for the ideals of the United States, like her own, are essentially unaggressive and threaten their neighbours no

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harm. But Germanism, in its want of liberalism, its pride, its aggressive nationalism, is dangerous, and she feels instinctively that if it is allowed to become all-powerful it will destroy her freedom, and with it the foundation of liberty on which the Empire rests.

In these circumstances there is only one policy for England. She cannot take the risk of trusting to the benevolence of Germany. She must maintain such a counterpoise to the Germanic Powers as will make it impossible for Germany to achieve her ambitions by force. As long as Germany continues to add to the gigantic armaments she can bring to bear in the pursuit of her external ambitions, so long must Powers which wish to keep their independence maintain, if necessary in combination, sufficient force to make it fruitless for Germany to think of attacking them. Otherwise their independence will go. They can be certain of their safety only by being certain that they can withstand attack. And in an ample margin of strength lies not only the protection of their liberty but their peace. For it is a cardinal axiom of the Bismarckian policy never to attack unless you are pretty certain of victory.

That is why England is concerned about the balance of power even in Europe. For, as Napoleon said of France, if once Germany becomes the dictator of Europe it will not be long before she will be the dictator of the world. With the inexhaustible resources of all Central Europe behind her, cowering continental opposition by the matchless force of the Germanic armies, absolutely unassailable by land, and with a vast sea-power, it would be extraordinarily difficult for the Empire to resist her pressure.

Directly the British Empire is doubtful of its supremacy by sea its full liberty will disappear, even if there has been no war. Germany might use her influence directly. At some opportunity she could demand a new partition of Africa, on the ground that undeveloped 'territories must belong to those who can fill them', and that the dog-in-the-manger policy of England and South Africa in throttling her development by keeping locked up lands they could not people themselves was in itself a hostile act. Or, at a time when England was occupied in India, she might support Turkey in demands relating to Egypt or the Suez Canal, or shatter one of the Powers which sustained the coalition against her.

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Or her influence might be indirect. The kaleidoscopic changes in the international situation of the last ten years prove that it is not impossible that Japan—the dynamic power of the East—should come to an understanding with Germany—the dynamic power of the West. Each is possessed by an intense national ambition. Nowhere do their interests conflict. The grave bearing of such an arrangement on America and the British Empire it is impossible to ignore. Perhaps the most insoluble of all problems arising before the twentieth century is the problem of the colour line. Canada, America, Australia, New Zealand, and South Africa have all refused to permit Asiatic immigration. That is not a situation which a militant people like the Japanese tolerate easily, and it was with difficulty that at the first crisis their national pride could be appeased. Even to-day Canada has found it politic not to prohibit Japanese immigration, and British Columbia is saved from an inrush of Asiatics only because the Japanese Government has voluntarily agreed to prevent its citizens sailing for Canada. Who can say how long the forbearing attitude of Japan may last? At present she is unwilling to act. She has not the strength to enforce her claims. But if Germany chose to support her in the not unreasonable demand that the citizens of a civilised Power should no longer be treated as unclean beings, it might be difficult to refuse. And the alternatives would be the free ingress of an unassimilable element into a white society, or war with one of the great military Powers of the world befriended by the other, or with both. England has entered into an alliance with Japan involving the obligation of war: why should not Germany? The plain fact is that when Russia recovers her strength it will probably be to the interest of Germany and Japan to ally, on the basis that each will guarantee the other a free hand in its own sphere of influence.

Pitt, with his penetrating vision, saw long before his fellows the full meaning for England of Napoleon's ambitions, and had the fibre to insist on the sacrifices by which alone they could be withstood. We are faced by the same situation to-day. Fortunately for the Empire, British statesmen realise the position. Great Britain, far from exhibiting a supine neglect of the vital interests of the Empire, has steadily been making, year by year, heavier sacrifices to protect the system she has built up. The following table

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shows the growth of expenditure on the Navy during the past thirty years:

			Per head of Population	
			s.	d.
	£			
1880-1	10,500,000		5	11
1885-6	13,000,000		7	1
1890-1	14,500,000		7	7
1895-6	19,500,000		9	10
*1900-1	29,998,529		14	5½
1905-6	33,200,000		15	4
1906-7	31,500,000		14	3½
1907-8	31,250,000		14	0
1908-9	32,200,000		14	4
1909-10	35,150,000		15	6
1910-11	40,600,000		17	10

* War year.

There is another lesson to be learned from this table. After the present Government came into office, it made advances to Germany and, as the figures for 1906-9 show, gave most convincing proof of its willingness to suspend the insane competition of armaments. But Germany, so far from welcoming the idea, passed the Navy Bill of 1908 adding to the effective strength of her navy. Any proposal for the restriction of armaments must be based on the maintenance of the *status quo*, and that is precisely what Germany is determined to upset. There was only one answer, the answer of the tremendous budgets of 1909-10 and 1910-11. Even Mr. Lloyd George, once the foremost advocate of disarmament, has abandoned hope and become a stalwart supporter of the Navy.

We cannot disarm in the midst of an armed camp [he said]. Any remedy must be international, and we are not merely willing but eagerly anxious for an international arrangement by which we could arrest the headlong race to destruction. But when we have piped to other nations they would not dance to our music, . . . and until such an arrangement is arrived at we have no option but to go on sadly, but with unflinching resolution to maintain the comparative preponderance of naval strength which for a hundred years has been recognized by friends and foes alike as the irreducible minimum of our national security. . . . Our naval supremacy . . . is a matter of life and death. We do not argue about it. We maintain it, and must go on maintaining it, against all challengers, even if it comes to the spending of our last penny.

But even this gigantic expenditure by a country struggling with its social problems is not enough to keep the balance. The disproportion between the British and German navies is steadily diminishing. Despite a £40,000,000 naval budget, the two-Power standard, for long the gospel of every

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patriot, can scarcely be said to be still maintained. As we have seen, England has been forced to abandon her traditional attitude of isolation and join the Triple Entente as a guarantee that by the sudden use of overwhelming military force Germany will not become the master of Europe. Yet the Triple Entente is a poor makeshift to set up against the solid front of Germany. What guarantee is there that France and Russia will come to the defence of England, or that England will instantly go to war on the continent of Europe before the joint might of Germany and Austria has overwhelmed the resistance of France?

Even the Dominions, situated far from the seat of danger, have begun to feel the strain. Their expenditure on naval defence during the years previous to 1910 had been as follows:

	Canada		Australia		South Africa	
	Amount	Per head	Amount	Per head	Amount	Per head
			£	s. d.	£	s. d.
1906-7 . .	Nil	—	250,200*	1 2½	85,000	1 6
1907-8 . .	Nil	—	254,069*	1 2½	85,000	1 6
1908-9 . .	Nil	—	259,250*	1 2½	85,000	1 6
1909-10 . .	Nil	—	328,553*†	1 6	85,000	1 6

	New Zealand		Newfoundland	
	Amount	Per head	Amount	Per head
	£	s. d.	£	d.
1906-7	41,540	0 11	3,000	3
1907-8	42,579	0 11	3,000	3
1908-9	47,300	0 11½	3,000	3
1909-10	110,000	2 2½	3,000	3

* NOTE.—In addition there are certain amounts for new works not defined in the estimates.

† Including £60,000 on fleet unit.

But in 1909 they came to a conference, held in London, to discuss the problem of common defence. As a result, with the exception of South Africa (which could take no step until a Union Government was in power), all the Dominions undertook a greatly increased burden for naval defence, and introduced uniformity in their military arrangements.

Canada accepted a scheme involving an expenditure of £400,000 a year on a Canadian fleet, and a Navy Bill, passed by the Canadian Parliament in March 1910, provided for the construction of five cruisers and six destroyers at a capital cost of £3,117,333. Pending the completion of the new cruisers Canada has purchased from the Imperial

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Government two cruisers, one of which has already been delivered in Canadian waters.

Australia undertook a capital expenditure estimated at £3,695,000 on a squadron of which she was to retain control, but which was to form part of the Eastern fleet of the Empire. Her annual expenditure is put at £500,000, namely, £750,000, the estimated annual cost of the squadron, less a contribution by the Imperial Government of £250,000 until such time as the Commonwealth can bear the whole cost by itself.

New Zealand presented a Dreadnought cruiser to the British Navy and agreed to pay in addition a subsidy of £100,000 per annum.

The following tables show the total expenditure on defence—both naval and military—of the various portions of the Empire for the last six years, and of the great Powers of the world for 1909-10.

The United Kingdom and the Dominions The Cost of Defence

<i>Years</i>	<i>U. Kingdom</i>	<i>Per head</i>	<i>Canada</i>	<i>Per head</i>	<i>Australia</i>	<i>Per head</i>
	£	£ s. d.	(1905)	s. d.	£	s. d.
1905-6 .	61,630,704	1 8 3	530,000	1 10½	970,345	4 9½
			(1906)			
1906-7 .	59,973,508	1 7 2	880,000	3 0½	1,035,795	5 0½
			(1907)			
1907-8 .	58,392,798	1 6 3	680,000	2 3	1,084,744	6 4½
			(9 months)			
			(1908)			
1908-9 .	59,048,608	1 6 3	1,000,000	3 2½	1,050,590	4 10½
			(1909)			
1909-10 .	63,266,800	1 8 0	1,050,000	3 1½	1,575,109	7 0
Estimates						
1910-11 .	68,363,700	1 10 0	2,250,000	6 0	2,834,000	12 8½

<i>Years</i>	<i>New Zealand</i>	<i>Per head</i>	<i>South Africa</i>	<i>Per head</i>
	£	s. d.	£	s. d.
1905-6	236,328	5 4½	—	—
1906-7	209,358	4 7½	—	—
1907-8	240,997	5 2½	—	—
1908-9	242,982	5 0½	(A) 400,000	6 8
1909-10	300,343	6 2	(B)	—
Estimates				
1910-11	477,095	9 6	(B)	—

(A) Approximate expenditure in Cape Colony, Transvaal, and Natal on volunteers, militia, and naval contributions.

(B) The Union Parliament has not yet met to consider questions of defence.

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Expenditure on Defence, 1909-10

	£		£	s.	d.
United Kingdom	63,266,800	per head	1	8	0
France	45,353,800	"	1	2	11
Germany	60,379,000	"		19	2
United States	63,000,000	"		14	10
Russia	58,868,000	"		7	7

Whether the arrangement whereby each Dominion is to retain separate control of its own fleet is likely to be successful in withstanding a possible attack on the Imperial system, or is the method of attaining the maximum of defensive efficiency from the expenditure involved, we need not inquire. The proceedings of the defence conference of 1909 are significant enough of the effect on the Empire of German *Weltpolitik*. They prove that the Dominions have begun to realize that they can no longer shelter behind a navy paid for only by the British people, and that their interests are indissolubly bound up with those of England, because if the sea-power of England is destroyed they will begin to feel the forceful diplomacy of Napoleon and Bismarck, and lose the ample liberties they now enjoy. They therefore have also begun to make sacrifices for the sake of the political ideals they cherish. For it is the pride of a free people to bear their responsibilities readily. Citizenship does not confer privileges only, but demands the surrender of wealth and even of life in defence of the freedom and ideals of the community, as some Uitlanders found to their cost who had lightly become Transvaal burghers in the days of the Boer Republic. In the words of Mr. Roosevelt:

Free peoples can escape being mastered by others only by being able to master themselves. . . . In the last analysis the all-important factor in national greatness is national character.

IV

THIS is no cheering prospect which lies before the citizens of the Empire. Is there no chance of escaping the prodigious sacrifices which seem inevitable if they are to resist the onward march of Germanism? Two alternatives have been put forward. Some people think that the movement towards universal peace, which has made a welcome stride to the front of late, may achieve its end, and disarmament ensue. Others believe that the aggressive policy of Germany, which no one denies, is the policy of the bureaucracy and the

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military caste only, and that the German people, growing restive under their tyranny, will shortly refuse to be a party to the extravagant policy of aggrandisement, and will insist on a reduction of the expenditure on armaments.

Let us examine these possibilities. If they fail we must, with quiet resolution, make our preparations to resist, whatever they may cost us, as all the great peoples of history have done.

The far-sighted enthusiasts who believe the millennium of peace to be at hand are apt to forget that the chief obstacle is in the German spirit itself. The concert of the nations, like any other community, needs a policeman to enforce the peace when its members begin to quarrel among themselves. British and American pacifists are inclined to forget the policeman, and to suggest that charity will do for nations what it has failed to do for individuals. They forget the possibility of such quarrels as that which rent in two America, the least warlike of all nations, but half a century ago, and which no international agreement could have stopped. They forget that there are certain matters about which men will fight rather than submit—Asiatic immigration, with its effect on the composition of society, might be one. Their plea is in essence that nations should abandon ideals of national aggrandisement, not surrender their cherished principles, and that is precisely why it falls on deaf ears in Germany.

The thoughtful German will tell you that there is only one road to universal peace so far as he is concerned. He is not vehemently anxious for it, for he respects the martial qualities which the soft atmosphere of peace might undermine. But if it is to come, it must not interfere with his country's destiny. If the world wants peace, it can have it by making Germany the policeman. If others agree she will willingly play the rôle. She will do exactly what the executive of the ultimate federation of the world will have to do, declare the creation of armaments above a certain scale an offence against the peace of the world, and destroy by overwhelming force an infant navy before it is strong enough to fight. Germany would accept such a solution, for it is the logical outcome of her ambitions, and would mean that Germanism had prevailed. It is just because such a system would involve a diminution of their freedom that the proposal falls on deaf ears in the Empire. The British peoples

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will no more surrender their liberties than Germany will surrender the future of Germanism.

We begin to realize now the full bearing of the antagonism between the ideals of individualism and the ideals of national strength.

What of the other possibility, that Germany is beginning to revolt against the political ideals of Bismarck's policy of blood and iron? There are better prospects here. The chief hope for the peace of the future is the growth of true democracy in Germany. There is no doubt that there is much discontent at the iron tyranny of the bureaucracy in internal affairs. But nothing could be more dangerous than to believe that the forces of discontent can exercise much restraining influence to-day, or that the German people are opposed to the foreign policy to which Germany is committed. The Germans are proud of their past, and they will hesitate for long before they upset a system which has raised their country to its present position in the world. There is no charge of inefficiency against the official classes, and, if to our ideas they trample on the people's liberties, the people, as we have seen, are disposed to accept authority in political affairs. Moreover, the Government is in a strong position. It conducts a press bureau through which its own view of every situation is disseminated throughout the Empire. The professors of the great Prussian universities are appointed and paid for by the Prussian Government, and by imbuing the ablest of the rising generation with a belief in the policy of the Imperial Government and the bureaucracy wield an immense influence over public opinion in Germany. The whole mass of the people, too, are drilled in the conscriptive system. There is, in truth, not much hope that there will be any immediate reversal of the traditional policy.

Moreover the people of Germany clearly support the Government in its policy of naval expansion. The one power they have over the executive is the power of the purse. The votes of the Reichstag for new naval construction alone in the past ten years are the best proof of what it thinks.

German New Construction

£		£	
1901-2	. . . 4,500,000	1906-7	. . . 5,000,000
1902-3	. . . 4,500,000	1907-8	. . . 6,000,000
1903-4	. . . 4,500,000	1908-9	. . . 7,500,000
1904-5	. . . 4,500,000	1909-10	. . . 10,000,000
1905-6	. . . 4,500,000	1910-11	. . . 11,392,000

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It is easy, too, to over-estimate the influence of Socialism in Germany. At the recent International Congress of Socialists, on September 3, the British and French members brought forward the usual motion in favour of disarmament, passed unanimously at every Socialist meeting in the British Isles. The German Socialists rejected it. Socialism, they said, might be international. But it was not anti-national, for it was the duty of every citizen to bear arms to defend his country. 'Each nation was entitled to preserve its own liberty of action.' The German Socialist leaders cannot press the reduction of armaments because they know that it would forfeit them popular support. The German Navy League has a million members ; the British Navy League less than 100,000. There is little doubt that the German people are far from reversing the national policy of their Government.

We see now what was meant by the opening sentence of this article. The central fact in the international situation to-day is the antagonism between England and Germany. Germany is the storm-centre whose armaments and ambition threaten to engulf the world in war. England is the Power whose paramount interest it is to keep the peace. For Germany has little to lose and much to gain, England nothing to gain and the Empire and her full freedom to lose, from a disturbance of the *status quo*. Peace and her safety, England sees clearly enough, depend upon her maintaining armaments of such strength that it is hopeless for Germany to put her future to the arbitrament of war. The freedom of the Empire can in no other way be guaranteed.

There is an eternal conflict here. It is no mere contest of rivals over which should be cock of the walk. It is a conflict between the political ideals of the liberty-loving citizens of the British Empire, and of the enthusiasts for the national greatness of Germany. Whatever the casuists may say, every citizen of the Empire feels this instinctively to be true. He frankly dislikes what is called Germanism—its national selfishness, its arrogance, and its pride. If the spirit of Germany were the spirit of the British Empire, the rise of Germany would matter no more than the rise of America, for it would threaten no one. But it is not so, and so almost unconsciously the instinct for self-preservation has begun to assert itself in the Empire.

And there is good reason, for so long as the Germans are

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determined and self-sacrificing as they are to-day the power of Germany will inevitably increase. It is almost a law of nature. It will grow not from naval and military expenditure alone, though that is rising year by year, but from the multiplication of small successes won from unwarlike peoples by Bismarckian diplomacy, and the steady attraction of weak States to a strong one. There has been quite recent proof how Italy, Turkey, Rumania, and the other lesser nations of Europe are powerless to resist her magnetic force. Austria, as the price of German support in Bosnia and Herzegovina, has undertaken a programme of Dreadnoughts which would be simply unnecessary were it not to uphold Germanic prestige in the Mediterranean and the Near East. Germany herself has neglected no preparation which might improve her prospects of success. Though she has planned no deliberate attack on England or France, there is not the slightest doubt that she has worked out every detail of the campaign she would conduct if war broke out, even to the local rendezvous for her citizens resident in either country. She cannot tell when the wheel of fortune may force on the struggle, and the future of Germany must not be left to chance.

What is the issue to be? We can only look at the spirit of either side. The British peoples we know. They have never failed to respond to the call in the past, and there is little evidence that they will fail in the future. They have the men and the resources with which to maintain the Empire. They will not allow it to crumble or to be destroyed for want of resolution, for they value too highly the ideals which it upholds. Whether the present diplomatic method of maintaining the balance of power against Germany is the best, is a question on which opinions may differ and on which the Dominions might give valuable counsel. But that the nations of the Empire will ever, through want of courage or self-sacrifice, sink into that dependence on another Power which is inevitable if they cannot resist its will, is not to be believed.

But their resolution is matched in Germany. As the writer previously quoted says:

They believe that the twentieth century will belong to the Germans. Serious scientists and brilliant impressionists write volumes and pamphlets to prove that their race is the parent of the great northern breeds; that it is the foremost in natural capacity, and the highest product of human evolution; that its geographical position in the heart of Europe is the most advantageous imaginable, commanding as it does the valley of

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the Rhine and Danube; and that by numbers and efficiency it is destined to prevail.

The Germans will never surrender Germanism, for they are determined to stand beside the Greeks and the Romans, and perhaps the Anglo-Saxons in their palmy days, as one of the peoples who have wrought their mark on the history of all time.

Where two such peoples are set up over against one another, none can tell what the outcome will be. Let us hope that it will never be put to the crude test of war. But in considering our measures for the defence of the Empire it is well to remember what the Germans think. If ever it comes to a struggle between them and us, they are confident of victory. They believe that they embody the vital civilization of the day. Their philosophy, as they say, is less material than the Anglo-Saxon, more robust than the French. Their worship of art—especially music—their relentless pursuit of knowledge, their readiness to sacrifice themselves for the good of the State, are all marks of a dominant people. The Anglo-Saxon world, they point out, is full of the talk of disarmament, of peace as the supreme necessity of the time, of material well-being as the central aim of collective activity. Such a creed, they say, is bound to go down before the idealism of Germany. For it is a conflict between people who value their ideals above their lives, and a multitude which rates its life above all else. They believe that the Anglo-Saxons are not capable of that self-mastery which will give them the unity and strength to resist assault, and that the selfish individualism of the nations of the Empire is as powerless to resist their worthier system as was the nerveless civilization of Egypt to withstand the onward march of Rome.

